

The NATIONAL UNDERWRITER

Life Insurance Edition

THE NORTHWESTERN MUTUAL LIFE INSURANCE COMPANY

of Milwaukee, Wisconsin

EIGHTY-SECOND ANNUAL STATEMENT

December 31, 1939

ASSETS		LIABILITIES	
Cash	\$ 14,017,903.00	Policy Reserves	\$ 962,693,777.00
U. S. A. Gov't Securities—Direct or fully guaranteed.	123,813,751.84*	Payments not yet due under installment settlements..	154,522,294.00
Bonds	592,122,631.91	Reserves for Annuities and Special Contracts	67,779,367.00
Mortgages on Real Estate	303,573,465.07	Dividends Payable in 1940	32,400,000.00
Real Estate	54,226,682.82	Dividends left with Company	6,098,614.21
Policy Loans	154,128,196.74	Dividends Payable and Deferred	1,389,195.75
Premium Loans ..	16,165,523.93	Reserve for 1940 Taxes	3,912,253.04
Net Interest and Rents due and accrued	16,286,677.02	Reserve for other Liabilities	1,311,005.89
Net Premiums Due.	18,067,706.52	Claims in Settlement	5,129,965.43
Miscellaneous	20,276.00	Reserve for Contingencies	57,186,342.53
TOTAL	\$1,292,422,814.85	TOTAL	\$1,292,422,814.85

*Includes securities with Asset Value of \$313,594.29 on deposit with State and other governmental authorities.

At the end of 1931, when the real reflection of the depression on life insurance began, the Reserve for Contingencies exceeded 54½ million. During the eight depression years of 1932 to 1939, inclusive, the Company fully earned from underwriting sources and paid to its policyholders in dividends the sum of \$282,422,847.27, equal to 27.5% of the total gross premiums received during the period, while increasing its Reserve for Contingencies from 54½ to over 57 million. Meanwhile, any losses were also absorbed by current earnings.

Insurance in Force \$3,911,212,531—on 1,054,638 Policies

A copy of the EIGHTY-SECOND ANNUAL REPORT, containing complete details, will be mailed to all policyholders and is available to others on request.

FRIDAY, MARCH 1, 1940

80 YEARS OF SERVICE

**THE
GUARDIAN LIFE
INSURANCE COMPANY
OF AMERICA
NEW YORK CITY**



**A MUTUAL COMPANY
ESTABLISHED 1860**

**OUR AGENTS ARE PROUD
OF THIS**

We have scores of letters from Beneficiaries which say, "Although Mr. Blank carried policies in several companies, yours was the first check to be delivered to us. We are grateful for this very prompt service."



**BANKERS MUTUAL LIFE CO.
FREEPORT, ILLINOIS**

Founded in 1907



**YOUR NATION
YOUR PROFESSION**

Gladstone, the great Englishman and lawyer said: "The American Constitution is the most wonderful work ever struck off at a given time by the brain and purpose of man." The provisions of that charter cover the great principles of personal liberty, religious freedom, safety of person and property, right of assembly, freedom of speech, and protection of life. They are the great rocks on which is founded all human happiness.

In our Constitution we Americans were given a heritage unexcelled. Under it educational facilities have been extended to the far places and all peoples, and parents are given the privilege of guaranteeing the future of their children via life insurance.

If you are interested in furthering the financial protection of the children of our nation, you will find it pays to be friendly with the—

PEOPLES LIFE INSURANCE CO.

"The Friendly Company"

FRANKFORT

INDIANA



Throughout the past 89 years the Massachusetts Mutual has earned a reputation for able, progressive management, and sympathetic understanding of its policyholders' problems. The company has ever been alert to the modern trend and has kept its judgment flexible, constantly adjusting itself to meet new problems of protection and conservation.

Massachusetts Mutual
LIFE INSURANCE COMPANY
Springfield, Massachusetts
Bertrand J. Perry, President

The NATIONAL UNDERWRITER

Forty-fourth Year—No. 9

CHICAGO, CINCINNATI, NEW YORK AND SAN FRANCISCO, FRIDAY, MARCH 1, 1940

\$3.00 Year, 15 Cents a Copy

Western Life President Makes Valuable Comment

Richardson Report to Stock- holders Gives Compre- hensive View of Problems

One of the presidents of a medium sized company who has sent out to the stockholders some exceedingly valuable comment in connection with his annual report is R. B. Richardson, head of the Western Life of Helena, Mont. There are 19 pages of printed matter devoted to various aspects of the business affecting particularly his company. It is a most enlightening and comprehensive document that might well be studied.



R. B. RICHARDSON

He speaks of the substantial increase of business in force, that for 1939 being 30 percent higher than the previous year. He said that this gain was made possible because of the lower termination ratio. The efforts of the company in the last few years, he said, have been directed to the obtaining of quality business. This results in a lower termination ratio. Particular gratifying progress of the agency department, he said, is the amplification of man-power. The Western Life man-power has increased by approximately 40 percent. The results are already apparent. New business in January showed a 35 percent increase over January a year ago.

Reserves for Disability Claims

Because of having anticipated heavy losses in disability claims several years ago extra reserves to cover such were established, President Richardson announced. These have made it possible to show a gain from disability during

(CONTINUED ON LAST PAGE)

Zimmerman Takes Stand in SEC-TNEC Quiz

Gesell Seeks to Get Wit- ness to Admit Desirability of Salary System

WASHINGTON—Aimed at showing that the present system of compensating life agents "is not working out very well," the Securities & Exchange Commission's questioning of President C. J. Zimmerman of the National Association of Life Underwriters in the Temporary National Economic Committee's hearing hammered steadily on the desirability of minimum guaranteed salaries for agents during the first few years.

In addition to seeking Mr. Zimmerman's opinions Gerhard Gesell, SEC counsel for the insurance study, introduced statistical tables allegedly supporting the SEC's contentions. While sympathetic to the financial problem of the agent, Mr. Zimmerman warned that any change must be made gradually and must not be at the expense of the policyholders or the older agents, and must keep within various state laws.

Suggests Possible Arrangement

Conceding that one of the criticisms of the business is that the new man gets very little cash in his first year, perhaps \$600 if he writes as much as \$100,000, Mr. Zimmerman said an arrangement might be worked out under which an agent would be guaranteed a salary for his first three to five years, decreasing each year on the presumption that his commissions would more than offset the decrease and that he would finally be supporting himself entirely from commissions.

Commenting on the letters received in reply to the questionnaire sent out to 10,000 agents, Gesell said it was almost the unanimous opinion that there should be a guaranteed minimum salary for the first few years so that agents would not be forced, as Gesell put it, "to beg, borrow or steal and to kick open doors to sell insurance." He contrasted this attitude among the agents with companies' statements that only a very few salary plans have been tried.

Southwestern Life System

Mr. Zimmerman pointed out that the limited experience with salaries for agents is a reason for proceeding with caution. He mentioned that the oldest such plan, one on which the TNEC had heard testimony, was only two years old. He was apparently referring to Vice-president Arthur Coburn's testimony on the Southwestern Life system.

Supporting his allegations of the seriousness of the problem of earnings of new agents, Gesell pointed out that the SEC's tabulation on compensation of whole-time soliciting agents for 1938, for companies replying to the agency practices questionnaire, showed 50.82 percent received less than \$250 in commissions for the entire year. He made it clear that this included men in their first year but said almost none of the companies had been able to supply figures which excluded first year men.

(CONTINUED ON PAGE 14)

O'Mahoney Condemns Companies for Not Making Small Industrial Loans

By R. B. MITCHELL

WASHINGTON, D. C.—Reluctance of big life companies, though collecting premiums from all over the country, to invest less than a quarter to a half a million dollars at a clip when going into new bond issues, constitutes a serious problem for the small business man and consequently for the general economy, Chairman O'Mahoney declared several times during the Temporary National Economic Committee's final hearing on life company investments.

Though readily conceding that investments in the small business field might not be suitable for trust funds such as those of life companies, he commented forcefully on the fact that the small business man who pays in his premiums is nevertheless unable to look to life insurance reservoirs when seeking capital.

To some observers it seemed curious, in view of O'Mahoney's interest in such loans that no representative of the Equitable Society was questioned on this point, though it was elaborately brought out that three of the other major companies in the New York area—Metropolitan, Prudential and Mutual of New York—have not found the so-called industrial loan a satisfactory field. The Equitable has received considerable publicity on its satisfactory experience with these loans.

Bond Account Policy

Policies governing the bond accounts of the Metropolitan, Prudential and Mutual Life of New York were under the TNEC's scrutiny all day Tuesday. During the testimony of J. W. Stedman, vice-president Prudential, who was on the stand all morning, Gerhard Gesell, special counsel of the SEC insurance study, which works up the material, gave an indication that the SEC may have been giving ear to self-appointed critics who have berated the companies for allegedly being in the banking business. Gesell was questioning Mr. Sted-

(CONTINUED ON PAGE 8)

Seemingly No Increase in Non-participating Rates

NEW YORK—While a few weeks ago it seemed certain that many of the larger companies writing non-participating insurance would increase their rates owing to the investment problem, the situation seemingly has changed and from all indications there will be no move made in that direction. It was first thought that the increase would go into effect March 1. It is stated that a further study of trends will be made.

Fraternalism Is to Tell Its Story in Good Will Effort

Public Relations Program Ratified at N. F. C. Mid- winter Meeting in Chicago

Twelve papers by as many leading fraternalists on various phases of fraternal life insurance—such as the safety of the system, its benefits, including health work as exemplified in the sanatoria; old people's and juvenile homes, etc.—will be written and disseminated in the public relations program of the National Fraternal Congress that was approved by the executive committee at the mid-winter meeting in Chicago last week. The essays will be sent out by Foster F. Farrell, executive secretary-manager, Chicago, to editors of the societies' house organs, who will publish them, and to the press.

Mrs. Bina West Miller, president Woman's Benefit, Port Huron, Mich., is chairman of the special committee which prepared the plan, the other members being: O. E. Aleshire, president Modern Woodmen; Farrar Newberry, secretary Woodmen of the World, Omaha; Erna M. Barthel, secretary Royal Neighbors; Dora Alexander Talley, president Woodmen Circle; E. W. Thompson, commander Maccabees; Bradley C. Marks, head of the A. O. U. W. of North Dakota; A. O. Benz, president Aid Association for Lutherans, and Francis Taptich, president United Societies of Greek Catholic Religion of U. S. A.

Hold Clinic on Chief Problems

The keen interest of the fraternal leaders in improving their underwriting, recruiting and training of agents, quality and persistency of business, was the chief feature of the meeting, this crystallizing in an all day clinic on these subjects held by the president's section and participated in by the actuaries and medical men as well.

Another striking feature was the talk by Chief Justice C. E. Bushnell of the Michigan supreme court at a joint luncheon of the N. F. C. sections. He spoke on individual initiative, etc.

Opening the presidents section clinic on home office and field problems, O. E. Aleshire, section president, head of Modern Woodmen, Rock Island, Ill., said the societies were getting tired of being used as a dumping ground for bad risks. He said they must know what existing conditions are so that they can progress to their objectives of better underwriting, greater persistency of business and a better trained staff of field workers. Mr. Aleshire offered to lay Modern Woodmen records down for the inspection of societies if they would do the same. Only by pooling their data and experience in various fields of

(CONTINUED ON PAGE 28)

Annual Statement Figures Show Gains for 1939

BERKSHIRE LIFE

Berkshire Life in 1939 recorded a gain in assets of \$2,579,598, insurance in force gained \$2,588,936. Total income was \$253,643 greater than it was in 1938. The amount paid to beneficiaries of deceased policyholders was \$2,559,704 and paid to living policyholders was \$2,638,972. The number of policies reached an all time high of 71,538. Berkshire Life paid \$156,962,000 to policyholders and beneficiaries during its 89 years.

COLUMBIAN NATIONAL LIFE

Columbian National Life in its new annual statement reports assets of \$48,138,785, a gain of \$1,922,116. Surplus to policyholders was \$3,529,068 or 8½ percent of policy reserves. There is a special contingency reserve included in surplus against real estate of \$500,000, increase \$175,000. Holdings of U. S. government bonds amounted to \$10,000,000 and combined holdings of cash and government bonds was 23 percent of assets. Insurance in force is \$177,742,000, a gain of \$1,890,000. The average life policy issued during the year was \$3,734. Amount paid to policyholders and beneficiaries was \$4,108,582. In its history it has paid out more than \$86,900,000.

PACIFIC NATIONAL LIFE

The Pacific National Life of Salt Lake shows assets \$2,163,766, increase 11.3 percent. Its first mortgages are 30 percent of the assets, real estate 4.5, policy loans 8 percent, bonds and warrants 35.2 percent, cash 13.5. Its capital is \$647,250, net surplus \$109,801. Its new business last year was \$6,005,391, gain 7/10ths of 1 percent; insurance in force \$16,952,655, gain 11.7 percent. Surplus increased 8.6 percent.

UNITED OF CHICAGO

United of Chicago in its new annual statement reports assets \$699,780, policy reserves \$320,692, capital \$200,000 and net surplus \$78,941. Surplus increased by about \$25,000. Total income was \$1,137,136, an increase of \$156,596. Income exceeded disbursements by \$89,685. Total payments to policyholders and beneficiaries were \$312,198.

SOUTHLAND LIFE

The Southland Life of Dallas, in its new annual statement, shows assets \$30,986,494, of which \$6,978,197 is real estate including home office building, \$7,576,028 mortgages, \$8,699,435 policy loans, \$3,836,201 bonds, \$1,993,792 cash. Capital and surplus is \$1,001,167 and insurance in force \$186,365,375. It has paid policyholders since organization.

\$35,488,996. The assets increased \$1,500,000. The capital and surplus increased \$119,380. It paid policyholders during the year \$3,025,052. President A. Morgan Duke states that while the cash item is considerably larger than necessary for operation needs, the company has adhered strictly to a policy of conservative investment only in well diversified grade "A" securities.

COMMONWEALTH LIFE, KY.

The Commonwealth Life of Louisville has issued its new statement showing assets \$20,888,222, of which 2.9 percent is cash, 35 percent federal bonds, 1.8 other public bonds, 4.1 railroad, 4.4 public utility, 26.8 mortgages, 14.5 policy loans, 4.2 real estate, special reserve \$500,000, capital \$1,500,000, net surplus \$383,852, insurance in force \$162,009,039. This has increased 33.4 percent during the last five years. The net surplus a year ago was \$250,000. During the last two years the Commonwealth Life has increased its total surplus and created a special reserve of \$500,000. During the last two years the company shows underwriting profits of about \$1,000,000. It is thus found to be in very excellent condition.

FARMERS & BANKERS LIFE

Farmers & Bankers Life of Wichita has issued its new annual statement, showing assets \$12,866,121. Policy reserves amount to \$9,906,507, surplus to policyholders \$750,000. Insurance in force amounts to \$57,537,231.

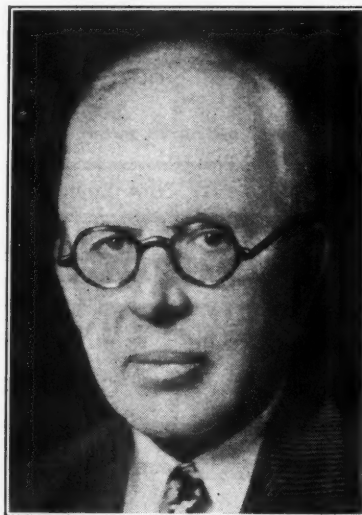
Eastern Round Table Program Being Formed

Definite plans for the Eastern Round Table of the Life Advertisers Association, to be held March 5 at the Pennsylvania Hotel, New York, are now taking form. John C. Slattery, agency secretary of the Guardian Life is chairman.

Holgar Johnson, president of the Institute of Life Insurance will discuss public and policyholder relations from the standpoint of his organization. M. S. Rukeyser, financial commentator and public relations authority, will discuss other angles and Don Herold, writer, cartoonist and advertising man, is going to handle the viewpoint of a policyholder and that of the general public. The president of a New York life company is being invited by Chairman Slattery to have a part in this seminar.

Carrying out the "round table" feature of the gathering in more literal fashion than has frequently been practiced,

Retires After Third of Century of Service



DR. C. E. SCHILLING

After more than a third of a century of service with the Ohio State Life, Dr. C. E. Schilling has retired from active duty. Dr. Schilling was an original stockholder of the company and was its first medical director. He was made a director in 1908 and in 1922 moved from Canton to Columbus to enter upon full-time service with the company. For many years he was vice-president and a member of the executive committee. Dr. Schilling will remain a director of the company and serve as consulting medical director.

Chairman Slattery plans to have informal discussions during the afternoon sessions in at least four smaller groups with discussion leaders handling such topics as advertising in general with special emphasis upon direct mail, and ways of getting field men to use these materials; company magazines and sales campaigns; premium notice enclosures, proposal forms, together with program and audit materials; public relations from the angle of company action, and with special emphasis upon its application in the annual statement to policyholders.

W. A. Whetsel, Indianapolis attorney, received a sentence of one to seven years in the Indiana state prison on his plea of guilty to indictments charging he obtained money under false pretenses in the operation of a life insurance scheme in which several elderly widows were victims.

C. K. Litchard Heads Mass. Mutual Life's General Agents

Importance of Human Element Stressed by President Perry

PALM BEACH, FLA.—Corydon K. Litchard, co-general agent at Springfield, Mass., was elected president of the Massachusetts Mutual Life General Agents Association at its annual parley here. Millard R. Orr, Philadelphia, was named vice-president; John F. Cremen, Washington, secretary-treasurer.

The importance of the human element in management was stressed by President Bertrand J. Perry at the meeting of first year general agents, immediately preceding the conference. There is constant need for general agents to give thought to the human element in all phases of their agency management activities, he said.

Keynoting the first of the general sessions, President Perry declared that despite the conflicting and confusing influences besetting the life insurance today, "we must seek constantly to move ahead by the application of the business principles, policies and activities which over the years we have known to be effective. What other type of business could stand, as ours has, the strain and the drain of that depression? During these 10 years alone, we have paid well over half a billion dollars to policyholders and their beneficiaries. With a record like that, what possible question could there be about the future? The real question is, 'What are you and I going to do with our future?'"

Agency of Tomorrow Viewed

John W. Yates, Los Angeles general agent, discussed "Building the Agency of Tomorrow," drawing an analogy between the job done by the general agent and the job of the building contractor—deciding the type of building to be erected, the location, the objective, the materials, and workmen.

"We as general agents need all the help and guidance we can get through research, and through the experience of others, in building the agency of tomorrow. We must be excited today, and continue to be excited, about the job of building the agency of the future." Among the objectives to be sought is "that the agent of tomorrow may come to be regarded as a 'doctor of finance.'"

Must Awaken Dormant Agent

"Revitalizing Present Agency Forces" was discussed by Roderick Pirnie, Providence general agent. "The real problem of a new general agent," said Mr. Pirnie, "is to awaken the dormant life in the men he inherits. A vital factor in this is the self-respect of his men. The agent must be resold on the business, not just once but continuously. The surroundings in the agency must be made physically attractive, the environment optimistic and encouraging. And nothing can more favorably influence this result than the general agent's own joy and confidence in his work; without this, how can we hope to see joy and confidence on the part of the agency force, in their work?"

Robert L. Altick, Wilkes-Barre, was chairman at a session on recruiting, selection and training. Speakers included Kenney E. Williamson, Peoria; Angus B. Rosborough, Jacksonville; Irl B. Jackson, Cincinnati; George E. (CONTINUED ON PAGE 30)

FIGURES FROM DEC. 31, 1939 STATEMENTS

	Total Assets	Change in Assets	Surplus to Policyholders	New Bus. 1939	Ins. in Force Dec. 31, 1939	Change in Ins. in Force	Prem. Income 1939	Total Income 1939	Benefits Paid 1939	Total Disburs. 1939
Bankers National, N. J.	7,068,222	+681,740	1,023,500 ¹	16,974,766	75,052,128	+3,361,020	1,708,185	2,186,700	786,981	1,557,958
Columbian Nat. L. Mass.	48,138,785	+1,922,106	2,779,068	18,906,809	177,742,037	+1,888,331	5,415,816	8,439,859	3,947,063	6,483,836
Dominion Life	43,615,514	+2,746,749	2,286,143	19,614,638	185,202,200	+6,384,331	5,292,253	8,232,045	3,017,897	5,215,954
Equitable Society	2,401,891,529	+140,978,380	83,895,658	764,673,792 ²	936,216,489 ³	+187,038,945	274,528,048	426,809,910	191,878,327	293,781,403
Eureka-Maryland, Md.	9,141,632	+592,898	1,045,202	23,078,334	81,137,138	+5,422,433	2,107,280	2,570,751	880,285	1,964,455
Federal Old Line, Wash.	22,291	+15,700	5,714	885,888	1,535,088	+772,488	28,747	28,928	1,500	16,639
Great Northern Life	7,614,945	+619,157	500,000	5,116,027	37,307,106	+818,511	1,006,429	3,124,240	482,777	2,715,641
Hoosier Farm Bureau L.	77,917	+30,485	7,491	1,861,802	4,371,813	+1,270,237	92,637	88,712	7,250	65,774
Knights Life	7,432,109	+672,266	950,000	29,300,104	83,233,271	+8,283,565	2,184,460	2,523,603	765,879	1,872,068
Liberty Nat. Life	5,586,965	+836,206	748,465	9,348,718	37,357,891	+2,548,280	2,340,266	2,653,870	571,057	1,903,925
Monumental Life	34,238,379	+3,224,919	4,769,137	72,269,083	297,387,123	+25,073,537	8,645,693	9,944,130	2,072,081	6,717,160
No. Am. L. & Cas., Minn.	881,816	+144,621	174,943	1,820,688	8,364,716	+360,725	578,389	623,561	163,713	494,733
Old Line Life, Wis.	22,628,598	+910,805	1,735,710	6,806,233	80,357,039	+1,854,823	2,392,784	4,092,647 ⁴	1,790,890	73,170,532
Provident Life, N. D.	4,735,396	+281,528	550,721	3,505,796	26,039,596	+678,587	634,999	916,945	273,923	629,336
Reliable Life, Mo.	1,051,726	+136,894	284,935	18,308,575	21,735,335	+3,204,065	1,391,745	1,414,084	446,829	1,274,589
Reserve Loan Life	11,157,524	+342,828	555,619	9,739,066	55,142,365	+729,886	1,411,266	2,536,856	1,088,733	2,215,054
Southern L. & H., Ala.	1,803,981	+275,548	318,370	67,076,532 ⁵	81,146,359	+17,718,778	1,319,990	1,407,522	332,982	1,148,596
Sunset Life, Wash.	649,057	+38,718	448,000	63,348,842	48,209,364	+8,501,558	1,118,956	1,256,578	204,840	998,855
Supreme Liberty Life	2,494,099	+23,534	305,751	63,348,842	48,209,364	+8,501,558	1,118,956	1,256,578	204,840	998,855
Union Mutual, Me.	22,764,654	+469,370	1,008,681	9,696,702	77,316,828	+1,673,634	2,611,402	3,953,030	2,367,032	3,418,727

FRATERNALS

Aid Assn. Luther's, Wis.	32,626,045	+4,010,519	2,020,928	18,164,030	200,398,303	+10,870,142	5,403,335	7,013,369	2,022,952	3,156,218
Ben-Hur Life, Ind.	17,864,940 ⁶	+6,928,548 ⁷	1,893,334	7,945,971	67,487,080 ⁸	+12,920,940 ⁹	1,469,713	8,826,828 ²	1,231,043	3,126,032
Woodmen Circle, Neb.	20,478,563	-1,493,165	1,062,149	11,549,587	106,831,483	-869,563	2,646,699	3,929,904	1,767,420	2,954,615

¹Includes \$100,000 special contingency reserve.

²Includes \$6,706,302 received by merger.

³Includes \$17,211,606 received by merger.

⁴Includes \$475,206,053 group.

⁵Includes \$2,194,641,311 group.

⁶A. & H.—\$272,715.

⁷A. & H.—\$232,533.

⁸Includes issued & revivals.

Union Mutual Takes Cancellable Risks of Mass. Accident

Policyholder Poll to Decide Disposition of Non-Cancellable Business

BOSTON — The Massachusetts supreme court has approved reinsurance of the cancellable business of the Massachusetts Accident by the Union Mutual Life of Portland, Me., upon payment of \$145,000 to the receiver of the company to be placed in a fund for the benefit of non-cancellable policyholders.

The 5,000 non-cancellable policyholders, 1,100 in Massachusetts and the others scattered over 11 states, are to determine by a poll whether they will accept the plan for the taking over of the non-cancellable business of the Massachusetts Accident by the Union Mutual Life and the creation of a fund for the benefit of non-cancellable policyholders into which would go the \$145,000 paid for the cancellable business, 50 percent of all profits from the continuance and renewal of existing cancellable policies and half of all profits derived from all new cancellable business for five years, subject to possible minor variations. The alternative given the non-cancellable policyholders is to accept liquidation of the non-cancellable business and assets of the company. They are given until March 8 to report to the court. "No response" will be accepted as assent.

Move to Portland in May

Negotiations for the Union Mutual were directed by Wadleigh B. Drummond, chairman of the board, and R. E. Irish, president. Mr. Irish announces that the Union Mutual is to enter without delay Indiana, Delaware, Maryland and the District of Columbia.

Temporary headquarters for the accident and health department of the Union Mutual will be at the offices of the Massachusetts Accident, 87 Kilby street, Boston. Probably by May the headquarters will be established at the home office of the Union Mutual in Portland, Me., and it is expected that many of the present officers and their families as well as the clerical assistants will take up permanent residence in Portland.

Among those who will move to Portland are Chester W. McNeill, who has been elected vice-president of the Union Mutual; Victor R. Weston, manager claim department; Walter L. McNeill, manager underwriting department, and Clifton W. McNeill, superintendent of agencies. The two field supervisors who have been active with the Massachusetts Accident will continue their work with the Union Mutual. They are F. E. Dwinell, who has made his headquarters in Chicago much of the time recently, operating in the middle west, and F. E. Shreve, Erie, Pa., who has been operating principally in Ohio. The Union Mutual continues to write commercial, monthly-pay and medical reimbursement but is discontinuing special hospital policies.

Concerned Over Non-assenters

Judge Ronan, who presided at the most recent hearing, said he was in sympathy with the action of Judge Lummus in refusing to approve the original offer of the Union Mutual Life and said he would insist the non-cancellable policyholders be taken care of definitely.

Counsel for the insurance department then offered the new plan of the Union Mutual Life outlined above. This plan

(CONTINUED ON PAGE 27)

Extension Is Being Now Considered

Social Security Board Has Two Proposals for Adding to Coverage

WASHINGTON, D. C.—Two important extensions of coverage are being informally considered by the Social Security Board. One would permit employees having six calendar quarters in covered employment to continue their social security coverage after leaving covered employment by paying their own share and also what would ordinarily be contributed by the employer. This would be handled through affixing stamps to a card or through some other simple procedure.

In spite of the double contribution, this would be quite a good buy for some employees, principally those in the older age group looking toward retirement and young men with dependents who would be interested primarily in the death benefits.

Another Proposal Presented

The other proposal is to include employers of covered employees in the plan. Whether optionally or compulsory is still an open question, though the latter appears to have the greater support. One of the most persistent complaints from employers in this category is that they are contributing to benefits for their help but they themselves get nothing out of it. Some have even gone so far, often at the suggestion of life agents, to incorporate their businesses in order to give the executives an employee status and hence social security coverage. There is some question whether many of the complaints are wholly genuine or merely an excuse to complain about the government.

New Auditor Is Appointed by the Equitable Society



CHARLES B. LUNSFORD

The Equitable Society announces the appointment of C. B. Lunsford as auditor. He entered the Equitable's cashier's office at St. Paul in 1925, immediately after graduation from the University of Chicago. The following year he was transferred to Chicago and in 1929 was called to the home office to serve in the auditor's department. In 1932 he was appointed superintendent of the audit division and in 1935 became supervisor of the accounting division. In 1936 he was appointed assistant auditor. As auditor, he succeeds O. H. Chedister who, after 50 years with the Equitable, has voluntarily retired from active service.

The Farmers & Bankers Life of Wichita is holding a one-week sales school in Topeka.

One Hits Fear Theme, Another Favors Light Advertising Touch

Live Topics Are Treated at Meeting of Insurance Advertising Conference

NEW YORK — Edwin E. Sterns, advertising assistant of Travelers, in addressing the meeting of the Insurance Advertising Conference here, said that the constant repetition of the fear motive in insurance advertising may prove to be ineffective. He said that nearly every advertising copy man at first usually thinks up the most dramatic methods to picture the need for insurance protection. That produces an emotional appeal involving the fear motive. Any strong appeal based on emotion rather than reason may have its "kickback," he declared. "Over the hill to the poor house," may be dramatic but it isn't as appealing to the prospect as "taking it easy at 65." The fear appeal may be effective for a few moments but its effect does not last long, so its use should be tempered with reason, he declared.

People generally dislike the troubles they may encounter in life. They much prefer to think of pleasant things and they are inclined to avoid the insurance salesman, who brings up gruesome prospects. Even the man who neglects to provide insurance does not like to be reminded of it too often. It is much better, according to the speaker, to suggest that he will take care of these things.

Agent in Better Position

The agent on the scene is better able to adjust his use of the fear motive depending on the reaction of the individual than can the advertising man.

The most important factor in insurance advertising is its proper adaptation to the individual sales strategy employed by the agent. The advertising must be elastic enough to meet the various conditions they encounter. Mr. Sterns recommended the appeal to confidence at all times and the use of the fear appeal as little as possible. Certain tests have disclosed that a fear appeal will reduce the number of readers of an advertisement. Most people prefer to think of pleasant things and dislike the troubles they may encounter in life, so the advertising man should tell a story that the public prefers.

J. J. Haight of Wilson & Haight, advertising, Hartford, gave a talk on "The Light Touch in Advertising as a Sales Tool." The use of light or even facetious advertising is used less by insurance men than by almost any business or industry, he declared. That is probably due to a belief that "swing" in advertising is out of keeping with the serious nature of insurance.

Should Employ Comic Strip Idea

That belief is not valid, he said. The insurance people should borrow the technique of comic strips, the sport page and the gossip columns and give the sales story a fighting chance of being read, he declared. The light touch, he declared, would not make people question the solid substantiality of the company.

Insurance is basically an unpleasant subject, he declared. While few men will argue its value, the fact remains that under normal conditions it represents all outgo and no tangible return. Before it can pay off, something unpleasant must happen. "Is it any more reasonable to expect a man to seek out and read a straightforward advertising exposition of

(CONTINUED ON PAGE 27)

85° North

On "the papers" of one of our policyholders born about 60 years ago we noticed: "born at sea, at 130° West, 85° North." According to the atlas, that was somewhere in the Crown Prince Gustav Sea, West of Grant Land, due North of Vancouver Island, further North than the top of Greenland. Anyone born within 5° of the North Pole, in a ship somewhere in the Arctic seas, who managed to survive and pass a life insurance examination at age 47, ought to be a good risk.

At the time that man was born in the frozen North, our life insurance policies carried this cautious clause:—

"In case the insured shall . . . pass, either by sea or land, beyond the settled limits of the United States or the Dominion of Canada . . . or shall visit those parts of the United States which lie South of 32° of North Latitude, between the first of July and the first of November . . . or shall reside during said time South of 36° 30' North Latitude, at any place within 30 miles of the Mississippi or Red Rivers . . . this policy shall be void, null, and of no effect."

While there is no connecting significance in these two items, they provide picturesque and interesting sidelights on the history of life insurance underwriting.

THE PENN MUTUAL LIFE INSURANCE CO.

WILLIAM H. KINGSLEY
Chairman of the Board

JOHN A. STEVENSON
President

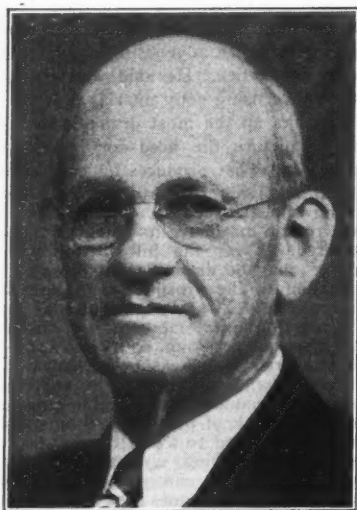
INDEPENDENCE SQUARE, PHILADELPHIA

G. H. Newbauer Dies After a Collapse

Mielenz Celebrates Fiftieth Year with the Aetna Life

Indiana Commissioner Fell Over Steering Wheel of His Auto

INDIANAPOLIS—G. H. Newbauer, insurance commissioner of Indiana, died Friday evening after having spent the day in his office. He had complained during the afternoon of feeling ill but remained at his desk, remarking later in the day that he felt better. However, he collapsed at the steering wheel of his automobile in the parking lot of the state house as he was leaving for



GEORGE H. NEWBAUER

home and was taken to the Methodist Hospital, where he died in the receiving room. He had been appointed insurance commissioner by Governor Townsend Feb. 1, 1937, succeeding H. E. McClain.

He was 57 years old, having been born in Hartford City, Ind., and before taking public office had been in the farm implement business and was head of the insurance department of the Citizens State Bank at Hartford City, of which he was a director. He owned and operated a large farm in Blackford county, which he continued to visit frequently. Prior to this office he had served as a director of the state stock yards licensing bureau and had also served two terms as Blackford county treasurer. He is survived by the widow and a married daughter.

He gave a creditable administration as commissioner. He took his responsibilities seriously and performed his duties conscientiously. He made no radical changes in the insurance department office staff when he took office and the work was carried on efficiently.

High Tribute Is Paid to Brainard in Testimonial

The testimonial resolution that was adopted by the directors of Aetna Life upon the 35th anniversary of President M. B. Brainard's association with the group, praises the president's "careful approach to every problem, his insistent demand that honesty and fairness be made the basis of all policies and negotiations and his care that the vast resources of these companies be guarded and protected for the benefit of those who have taken from them contracts of insurance."

"Mr. Brainard's personality, his character and his kindness and fairness everywhere known through all our organizations, has created a spirit of loyalty and eager interest among all his fellow workers, and this is one of the greatest assets our companies have."

MILWAUKEE—A. E. Mielenz, Milwaukee, general agent for the Aetna Life in Wisconsin and upper Michigan, begins his 50th year with the company March 1. Associates in the agency and company officials have joined in paying tribute to the veteran life manager by celebrating the golden jubilee year with a number of events.

Started As An Agent

Mr. Mielenz was born near Pewaukee, Wis., April 24, 1862, and came to Milwaukee in 1884 where for seven years he clerked in a hardware store. He became an agent for T. R. Lynas, then general agent for the Aetna Life on March 1, 1891, and soon joined the ranks of leading producers. When Mr. Lynas was transferred to Chicago in 1902, Mr. Mielenz was made assistant manager in Milwaukee and in 1910 became a partner of Mr. Lynas. Shortly after the death of Mr. Lynas, Mr. Mielenz was appointed general agent for Wisconsin and northern Michigan Jan. 1, 1918. Under his able leadership the agency forged ahead and today is one of the finest general agency organizations of the Aetna.

Coincident with Mr. Mielenz joining the Aetna ranks in 1891, the company started writing accident insurance that year, and in 1898 began developing health insurance. Mr. Mielenz was an ardent booster of these forms of coverage from the start. As a result the agency ranks first in the production of new accident and health business among all life agencies that have the franchise. One of the major objectives of the Mielenz agency for the Golden Jubilee Year is to hold this first place in 1940.

Booster for Accident Insurance

Group life insurance has been written since 1916 when Wisconsin permitted such underwriting. Shortly afterwards wholesale life insurance, group disability and group death and dismemberment were offered by the Mielenz agency, and within the past three years group hospitalization insurance. Wisconsin and northern Michigan Aetna-izers plan to have at least 50 men qualify for invitations to a big 50th anniversary banquet, to be given by the company for agents and their ladies, by paying for a minimum of \$50,000 of business during the year. The banquet is planned for March 1, 1941. Other objectives are to place the agency at least 10th in life insurance production of the company after finishing 12th in 1939; to write a minimum of 75 cases in the group department, compared to 59 written last year, and to win the 1940 national trophy in the central division.

Kreglow Middle Atlantic Speaker

Dr. Alan F. Kreglow gave a paper "The Medical Examiner Looks in the Applicant's Mouth," at the quarterly meeting of the Middle Atlantic Life Insurance Medical Directors Club at the home office of Acacia Mutual Life in Washington. The paper was discussed by Dr. George McLean, medical director of Sun Life of Baltimore, and by Dr. W. A. Price, Acacia Mutual.

Two films furnished by the Veterans Administration were shown, they being "Cancer and the Veteran" and "The Maggot Therapy in the Treatment of Osteomyelitis." General Frank T. Hines, administrator of the Veterans Administration, was a guest. Other guests were James A. Thomson, vice-president North American Reassurance, members of the Middle Atlantic Actuarial Club and officers of Acacia Mutual.

Dr. Eduard Novak, medical director of Eureka-Maryland, presided in his capacity as president of the club. Dr. J. R. B. Hutchinson, medical director of Acacia Mutual, was program chairman.

R. McDonnell of Sun Life of Baltimore conducted a case clinic.

Agents Are Urged to Tell Facts of TNEC Probe

The need for life insurance salesmen to tell their assured the true facts about the TNEC investigation was emphasized by Miss Beatrice Jones, manager women's unit Equitable Society, New York City, in speaking at a meeting of the women's division of the Chicago Association of Life Underwriters.

She said that inaccurate and sensationalized news accounts in the public press were giving people the wrong impression and urged that each agent study both sides and interpret the investigation to their clients.

Miss Jones, who is national chairman of the women's division of the National association, gave substantially the same talk which she delivered before life underwriter groups in Kansas City and Denver, "Daze of Our Years." Her appearance before the Chicago women was highlighted by the installation of her sister, Mrs. Garland Kahle, Equitable Society, as chairman of that group succeeding Miss Blanche Gatzert, Parsons agency Mutual Benefit. Also on the program was Miss Helen M. Thomas, Equitable Society, Chicago, one of Chicago's outstanding women producers, who spoke on "The Inner View."

Miss Jones an Outstanding Manager

Miss Jones enjoys an outstanding reputation for her ability as a manager. She is also a substantial producer, doing much of her business over the desk at her office. She has been with Equitable Society 12 years, her first and only company connection, and head of the women's unit eight years.

The women's division of the National association is making a survey to find out how much life insurance is bought from women, she revealed, urging that full support be accorded in seeing the response is prompt. There are more than 4,000 women selling life insurance in the United States, and it is thought that it would be well for figures on their production to be known.

Also, Miss Jones brought out that when agents contact their insured concerning the TNEC investigation they will doubtlessly have many opportunities to sell more insurance.

Miss Thomas Stresses Conviction Need

Miss Thomas talked on the necessity of proper preparation for the interview, stressing that much depends on the agent's conviction that he is performing a worth while service.

"What you realize bears more worth than the superficial things you utter," she said.

She recommended that before each interview the agent prepare a list of major questions that should be answered by the prospect. Then after the interview is completed the agent should determine whether or not they have been answered, asking himself: "Have the interests of the client been properly served?" and "What has been done for his family?"

Loan Bill in Virginia

RICHMOND—No insurance company shall be permitted to make a loan to any officer or director or to any business in which such officer or director is substantially interested, under provisions of a bill before the Virginia senate. The measure has already been reported out of committee and is slated for action on the floor of the senate.

Marling Goes to Ottawa

The Great-West Life has appointed A. J. Marling, formerly district manager for Sudbury, as supervisor of its Ottawa branch. In his new duties he will assist A. deL. Panet, manager. Mr. Marling first joined the company on the west coast in 1934 and after a successful experience as a personal producer, was promoted to the Sudbury district in 1938. He has been a member of the Honor Production Club for three years and has qualified on three occasions

Social Security Is Termed Wasteful

Social security under government operation will be wasteful and expensive, whereas when purchased from private enterprise it has been satisfactory and a good bargain, J. M. Turnbull, field supervisor Illinois Bankers Life, Ottawa, Ill., told the 26 Club of Chicago at a meeting there.

He said actuarial science was not much consulted in drafting the act, but the main consideration was the political appeal to large numbers of people to obtain something for nothing—or almost nothing. However, Mr. Turnbull commented, an actuary of good standing estimates the present tax on payrolls is inadequate and the so-called reserves will be used in the next few years to pay benefits to those who did not create any reserves.

An encouraging feature is that people are thinking more about social security, and when they see what the government offers for large cost, there will be a greater demand for real security at bargain cost through private companies, he said. Many students of the federal plan, Mr. Turnbull states, feel it will reduce employment and have a tendency to keep wages down, so any benefits employees may expect may be offset by less employment and lower wages.

How to Use Centers of Influence Effectively

The Northwestern National Life suggests that in securing new prospects from present policyholders one should be specific in his questions. For instance, it is declared that if an agent simply asks, "Do you know anyone who wants to buy insurance?" there is likely to be a negative answer. The Northwestern National says: "Success in getting live leads depends on more adroit questioning and suggestion. Make your inquiries as specific as possible. Mention that you are looking for a young married couple with one or two children, for instance, or perhaps someone in the same circumstances as the policyholder whom you are questioning. Seldom will he be able to think of anyone who wants to buy insurance, but he usually can think of others who need insurance if you ask him for the type of person you know needs insurance."

"Once you have obtained suggestions as to others who are in the market for insurance, draw out as much information as possible about the names offered, and then tactfully intimate that you would appreciate an introduction or a reference."

Trains Men to Avoid Arguments

A Chicago manager trains his men so that they will not engage in unnecessary conversation or get into discussion with prospects on their calls. For instance, he was asked whether his agents had very many questions asked them regarding the TNEC investigation at Washington. He replied:

"Our agents like all others come in contact with prospects who bring up various subjects. Now and then someone makes inquiry regarding the SEC investigation. We instruct our men to say to a prospect who brings up the subject that this has nothing to do with his insurance program or needs and it has no bearing on anything connected with his individual insurance and that it is important to discuss the recommendations that the agent has in mind and get that cleared up first. Then if there is time the agent says he will be glad to give such information as he can regarding the SEC investigation."

"Similarly many prospects bring up the war on the other side of the Atlantic. We instruct our men to say that of course this is an important matter but it has no bearing on his insurance."

for attendance at the general agency conventions.

TNEC Questionnaire Is Topeka Association Topic

TOPEKA, KAN.—The Topeka Life Underwriters Association at a luncheon session discussed the TNEC probe. Many agents reported receiving the questionnaire that had been sent out. Only one, Pendleton A. Miller, general agent New England Mutual, acknowledged having returned it. He pointed out that some questions had illustrations or suggested answers and that he was careful in filling it out not to answer them as the instigators of the questionnaire apparently wished the answers to be framed.

Commissioner Hobbs of Kansas attended and was invited to express his views. He pointed out that this investigation had been widely discussed at several commissioners' meetings. He said his personal view of the entire matter was that it would lead to some sort of federal supervision, that agents would be more or less guided or required to operate according to federal laws and that he was afraid it was an attempt to break down the American agency system, all reports to the contrary notwithstanding.

Acknowledging that in some instances state supervisors or commissioners had made mistakes and some had been proved to be dishonest, he said the investigation was a studied attempt to discredit life insurance and bring it under bureaucratic control.

Give W. Va. Annual Program

The West Virginia State Association of Life Underwriters will hold its convention and sales congress in Charleston April 19-20. It is agreed that subsequent sales congresses will alternate among the various association cities.

The association will meet in a business session the afternoon of April 19. That evening there will be a general dinner meeting addressed by Senator Taft of Ohio in a non-political discussion of life insurance, its financial and economic background. To this meeting will be invited business and professional men.

Speakers at the sales congress the next morning include C. J. Zimmerman, president National Association of Life Underwriters, and W. T. Earls, new Cincinnati general agent of Connecticut Mutual.

At the luncheon T. I. Parkinson, president of Equitable Society, will be the speaker.

R. G. Turney of Charleston is chairman of the sales congress committee.

Blanks Committee Meets May 6-8

COLUMBUS, O.—A sub-committee of the committee on blanks of the National Association of Insurance Commissioners at a meeting here this week decided to hold a meeting of the full committee at the Hotel Commodore, New York City, May 6-8. A sub-committee on life blanks will meet May 4. The sub-committee considered revision of Schedules A and B. The meeting was called by Harold Higdon, formerly actuary of the Kansas department, now with the Columbus Mutual. Attending were the following representatives of insurance departments: Robinson, Ohio; Cleary, Massachusetts; Hooker, Connecticut; Thorpe, New York; Hansen, Missouri; Knudsen, Iowa, and Wilcox, Kansas. F. E. Huston of the American Life Convention also was present. Bruce Shepherd of the Association of Life Insurance Presidents was unable to attend because of illness.

Neblett Loses Another Point

LOS ANGELES — Superior Judge Vickers, sitting in the effort of W. H. Neblett to upset the 1936 rehabilitation of Pacific Mutual Life, began the fourth week of the hearing with another ruling that is making it more difficult for the plaintiff to make out a case. Judge Vickers informed the plaintiff that during the week end the court had read the excerpts

of the reporters' transcript of the 1936 proceedings, which the plaintiff is endeavoring to get into evidence, and that, because of what the court found therein would shift the burden of proof to the plaintiff, thus relieving the defense of the necessity of fighting to keep the excerpts out.

Resent Long's Choice in La.

NEW ORLEANS—The action of Governor Earl K. Long, defeated for renomination, in bringing about his own designation as nominee by the Democratic state central committee for secretary of state, to succeed the late E. A. Conway, has aroused much resentment in political circles.

The secretary of state is ex-officio insurance commissioner and a member of the Louisiana Casualty & Surety Rating Commission.

Jordan with Reliance Life

Reliance Life has appointed Eugene Jordan as district manager in eastern Pennsylvania with offices in the Lincoln-Liberty building, Philadelphia. He has operated in that city about 15 years. He has created an effective production idea known as the "Jordan plan," in which six definite services are rendered. This plan will be included in setting up his organization for Reliance Life.

Name Working Committee for Commissioners Rally

R. E. Hall, Aetna Life, has been named chairman of the executive committee of the so-called working committee in charge of local arrangements for the convention of the National Association of Insurance Commissioners at Hartford commencing June 25. R. M. Bissell, president Hartford Fire, is honorary chairman.

Chairmen of the various committees in the "working" group are: E. I. Taylor, Century Indemnity, rooms and registration; C. L. Miller, National Fire, entertainment; G. F. B. Smith, Connecticut Mutual Life, program and printing, and J. A. North, Phoenix Fire of Hartford, transportation.

Neslen Arranging Program

The headquarters will be the Hotel Bond. The executive committee of the commissioners plans to meet Monday afternoon, June 24. The convention will formally open Tuesday morning and will adjourn Thursday about noon. The business program is being arranged by Commissioner Neslen of Utah, president of the association, with Williams of Mississippi, chairman of the executive committee.

Direct Approach Is Being Made in Inspections

The inspection companies these days are pursuing the technique of approaching the person about whom information is sought directly rather than depending entirely upon the testimony of neighbors and others. Where the insurer is agreeable, the direct approach is used in connection with all applications for \$1,000 of life insurance and less. The inspector is thus able to get a first hand impression of the risk. It makes substitution much less possible and it enables the inspector to discover any obvious impairments.

Lacy, Cox in Los Angeles

President O. J. Lacy and Vice-president Ray Cox of the California-Western States Life attended a joint meeting of all the company's agencies in southern California, held in Los Angeles.

O. Sam Cummings, Dallas, Texas manager Kansas City Life and former president of the National Association of Life Underwriters, spoke to the Little Rock, Ark., Kiwanis Club luncheon. His host was Foster Vineyard, associate general agent Aetna Life.

The Farmers & Bankers Life Insurance Company

Wichita, Kansas

Presents Its

TWENTY-NINTH ANNUAL STATEMENT

Showing Condition of Company, December 30, 1939

ADMITTED ASSETS		LIABILITIES	
Cash in Banks.....	\$ 261,951.89	Legal Reserve on Policies.....	\$ 9,906,507.53
*U. S. Government Bonds.....	3,518,687.00	Reserve to Provide for Fluctuation of Mortality	150,000.00
*Canadian and Cuban Bonds.....	58,210.00	Reserve to Provide for Fluctuation of Market Value of Assets.....	934,667.89
*State, County and Municipal Bonds.....	2,078,788.94	Credits to Policyholders Left with Company on Deposit at Interest.....	670,374.43
Home Office Building.....	225,000.00	Reserve for Taxes.....	107,975.83
Real Estate Owned.....	886,222.73	Death Claims Due and Unpaid.....	None
Real Estate Sales Contracts	309,987.60	Death Claims Reported but Proof Not Completed December 30, 1939.....	43,664.00
First Mortgage Loans on Real Estate.....	2,698,297.37	Premiums and Interest Paid in Advance...	109,626.45
Advanced to Borrowers for Taxes on Real Estate Loans	4,787.69	Special Funds Payable to Policyholders in 1940	161,214.17
Loans Secured by Legal Reserve on Policies	2,458,386.23	All Other Liabilities.....	32,091.53
Accrued Interest	80,127.90	Capital and Surplus.....	750,000.00
Net Premiums in Process of Collection....	285,674.48	(For Additional Protection of Policyholders)	
Furniture and Fixtures.....	Charged Off		
Radio Station KFBI.....	Charged Off		
*All Bonds at Market or Commissioners' Valuation.			
Total Admitted Assets.....	\$12,866,121.83	Total Liabilities	\$12,866,121.83

INSURANCE IN FORCE, DECEMBER 30, 1939 - \$57,537,321.00

The Farmers & Bankers Life Insurance Company operates under the Kansas Compulsory Reserve Deposit Law, and every policy ever issued by this company is registered with the Insurance Department of the State of Kansas, and bears that department's Registration Certificate stating not only that the policy is registered but that it is secured by a pledge of securities of the required type deposited with the State of Kansas in an amount equal to the full legal reserve on the policy.

OFFICERS

H. K. LINDSLEY, President

J. H. STEWART, JR., Vice President-Treasurer

F. B. JACOBSHAGEN, Secretary

HOME OFFICE, WICHITA, KANSAS

Radio Station K F B I 1050 Kilocycles

O'Mahoney Seeks to Dispel Fears

TNEC Chairman, Addressing N. Y. Insurance Society Luncheon, Talks Benignly

NEW YORK—"There is no bogey man trying to destroy the insurance business of the United States," declared Senator Joseph C. O'Mahoney, chairman Temporary National Economic Committee, who was the guest speaker at the luncheon of the Insurance Society of New York Monday.

He emphatically stated that the government has no intention of overthrowing the business institutions. O'Mahoney said he welcomed the opportunity of making this statement before the group assembled which included executives of fire, life and casualty companies. He stated that there are too many "ghost writers, ghosts and bogey men trying to scare business people."

Preserves Property, Human Values

"Individual liberty is the foundation stone of this country. The United States of America is a nation of small businesses and there is no stronger right than that to ownership of private business. The government has no intention of taking over private enterprise.

"The business of insurance," he stated, "is that of preserving property and human values. The fire and casualty companies take care of the former and the life companies the latter. This is a manifestation of American democracy. The institution of life insurance is a stabilizing influence. It takes people's savings when they have an earning capacity and distributes them when they are most needed."

The sole purpose of the TNEC is to find out how the system of big business works and to stimulate new business enterprise. He referred to his own statement of a year ago when he said that nothing had developed at the hearings to reflect on the integrity of the men at the head of life insurance companies and said that he was satisfied with the sincerity and purpose of these executives. He thanked the insurance leaders for their cooperation.

Problem of Relationships

"There is the problem of the relation of the people to business and to the government," the speaker continued. Business depends on the capacity of people to buy and this capacity was almost wiped out in 1929. The life insurance business withstood the storm of the depression because it represented the masses of the people. The resources and assets of the life companies are invested throughout the United States in big business, farms, loans to policyholders and government securities. More than \$4,250,000,000 in the latter are held by the 26 largest life companies. O'Mahoney pointed out that the investment of policy reserves in some states, notably North and South Dakota and Mississippi, is greater than the reserves of the policyholders in those states. He referred particularly to the cotton belt in the south and the wheat belt in the north west and stated that with the life insurance companies owning \$525,000,000 in farms and farm mortgages it is of the utmost importance that the farm problem be solved. At present only about 50 percent of farm operators own their own farms, he said and people without property constitute the greatest danger to democracy.

The government has expended more than \$6,000,000,000 to make work for people since 1933 and more than \$900,000,000 has been given to the railroads by the RFC and more than \$1,000,000,000 to banks in the same period. The government must find a way to encourage little business and finance it. The insurance companies cannot supply the capi-

Heads Organization Club of Equitable of Iowa



HUGH S. BELL

For the second successive year, Hugh S. Bell, Seattle general agent of the Equitable Life of Iowa, is president of the company's Organization Club, which will hold its annual meeting in July at the Edgewater Beach hotel in Chicago in conjunction with the production club's convention.

Mr. Bell is a C.L.U. He has been with the Equitable since 1925 and was appointed head of the Seattle agency in 1929. Grady V. Fort, Des Moines general agent, is vice-president.

tal because of the natural risk involved. That is one of the problems which is being faced today.

Another is that of unemployment. O'Mahoney suggested a solution that might be worked out by giving a tax credit to every employer of labor on the measure of wages paid.

The speaker was introduced by John J. King, president of the Society. Mr. King said that there is a pressing need on the part of the New York Society and Insurance Library for a permanent home. There will be started shortly a subscription fund for this purpose. There were more than 300 in attendance. President King opened the meeting by asking every one to sing "America" and Senator O'Mahoney closed his speech asking each one to stand and repeat the oath of allegiance to the flag.

Those at the speaker's table besides Mr. King and O'Mahoney included Edward R. Hardy, secretary, Insurance Society; Walter F. Beyer, vice president Home of New York; President Leroy A. Lincoln, Metropolitan Life; Attorney James A. Beha; President William D. Winter, Atlantic Mutual of New York; William McC. Martin, Jr., president New York Stock Exchange; Laurence E. Falls, president Insurance Institute of America and vice-president American of Newark, and Superintendent Pink of New York.

Warns of Possible Capital Levy

ST. LOUIS—A warning that a 10 percent capital levy on the national wealth may be imposed to help liquidate the ever-mounting national debt was given by John Morrell, Equitable Society, Chicago, in a talk before the St. Louis Life Insurance & Trust Council.

He said that the 10 percent tax, if imposed, would cover every item in everyone's possession which might have a tangible cash value. He advised business men to check up on their wills to see that they are properly drawn, so as to prevent forced liquidation of assets at the time of their death to pay inheritance taxes. He advocated that life insurance trusts be set up to meet such taxes.

Eye SEC Move to Widen Competitive Securities Bidding

WASHINGTON — As holders of some \$10,000,000,000 in bonds outside the U. S. government field, life companies are considerably interested in the efforts of the Securities & Exchange Commission to widen the use of competitive bidding for issues of securities by underwriting firms. In contrast with their practice with respect to private placements, life companies tend to side with the investment bankers in their dislike of competitive bidding, feeling that the practice boosts the sales price to the ultimate buyer to artificially high levels and causes an undesirably erratic market. Life companies prefer a bond market that is reasonably steady.

The usual procedure in offering a firm's securities to the public is for the borrower and his investment banker to work together closely in bringing out the new issue. They consider the terms of the indenture, including the interest rate, maturity dates, timing of the issuance and all possible factors bearing on the success of the venture. The understanding in such cases is that the banker will guarantee that the bonds will be sold for at least a certain price.

Profits from "Spread"

Hence the banker is known as the underwriter. The banker makes his profit out of the "spread" between what he pays for the bonds and what he sells them for. Obviously, it is the job of a successful underwriter to get the best deal he can for his client. At the same time he must, if he takes the long range view, make the price not only attractive enough to effect prompt sales but to give the buyer a good investment at the price.

The SEC, apparently feeling that this close relationship between borrower and banker enables them to exploit the public, has been trying to discourage arrangements under which the banker gets the exclusive concession to market a borrower's securities. Instead the SEC would have various underwriting firms compete for each issue of bonds.

Disadvantages of Plan

The disadvantage of this is that unless the investment banking firm which has been working with the borrower happens to be the fortunate bidder the concern which obtains the job of underwriting is in a poor position to know at first hand the worth of the securities and consequently has no basis on which to bid except the probable reaction of the public. Thus, the underwriter is pushed back into the position of a speculative trader knowing comparatively little about securities except superficial marketability, whereas the professional type of investment firm, attempting to offer securities to the public only on a basis of close inspection of the securities themselves and the soundest possible appraisal of the market, is placed at a disadvantage.

Life company investment men who have been watching this situation point out that, particularly in times like the present when there is keen demand for investments, there are certain to be underwriters who will pay too high a price for securities and push them on to the investors at these artificially inflated values. After a few such experiences the investor gets tired seeing everything he buys go down.

Borrower Suffers Too

It is much better for the borrowing corporation, the underwriting firm and the ultimate investor, whether an individual or an institution, to have the securities priced at a level which will give the investor a decent break. The point is made that the underwriter who works closely with the borrowing concern is

John Hancock Has New Sales Approach

A "Visual Security Plan" has been distributed by the John Hancock Mutual Life to its general agencies containing in a single compact unit a practical plan for basing a life insurance selling presentation on the revised social security provisions. There is a slide-rule to enable the agent to calculate the benefits his prospect can expect from social security, an instruction book outlining the provisions of the law, a field-tested sales talk and a pair of charts. One chart is a picture-taking sheet, on which the agent sets down in the first interview the essential facts, which aid him in making up a second completed chart which gives the prospect a clear picture of his life insurance holdings plus social security and outlines the exact benefits which both combined will produce for his family.

The charts have a dollar scale up the side and a years scale along the bottom. Colored pencils are provided so the agent can indicate the amount and years during which monthly payments will be made under social security and life insurance plans.

"The Visual Security Plan is designed to help agents build a program on the social security base," J. Harry Wood, manager of general agencies, states. "The revised social security act opens up a new market for programming. It reaches into all income groups and furnishes the base of an estate for the average working American. On the base, the life agent can build, with the help of these carefully tested tools, a program which fits every prospect's needs."

Monthly Debit Ordinary Discussed by Actuaries

The Middle Atlantic Actuarial Club held its first meeting of 1940 at the home office of the Acacia Mutual Life in Washington, D. C.

G. C. Clark, assistant actuary of Equitable Life of Washington, presented the paper on "Monthly Debit Ordinary Business," which gave an account of the company's entry into this field of insurance in 1937. Discussion was led by Miss Helen Gibson, assistant actuary Monumental Life, and Charles Taylor, actuary of the Life of Virginia. As the Monumental is just entering this field and the Life of Virginia is doing similar weekly business, the discussion gave considerable additional information.

The second paper, "The Actuary in Public Employment," was presented by D. C. Bronson, assistant actuary of the Social Security Board, and discussed by J. B. Glenn, assistant chief actuary Railroad Retirement Board, and J. B. St. John, Social Security Board. It dealt with the emergence of the federal government actuary, the distribution of the actuarial profession between government and other positions, and the specific needs of various government departments for actuaries.

thinking not only of the current deal but of the future as well and hence wants to do nothing which will jeopardize the borrower's future credit, as might readily happen if an issue were pushed on the market at an unduly high figure.

Further, it may not be possible for the successful bidder to dispose of the issue he has underwritten if he has paid too high a price in his enthusiasm. It doesn't do the bond market any good if an issue comes out and then lies on the dealers' shelves unsold. This situation tends not only to demoralize the market but by loading up dealers with securities that they cannot move, to that extent prevents them from taking their normal participations in other issues that come along.

General American Audit Elicits Praise from Lucas

In releasing a convention examination report on General American Life, Superintendent Lucas of Missouri issued a statement emphasizing that the examination had been painstakingly conducted and that the company is in excellent condition.

The departments participating were those from California, Texas, Kansas, Indiana, North Carolina and Missouri. The examination covered the period from Jan. 1, 1936, to July 31, 1939. The examiners numbering 18 worked at the task six months. In the examination special attention was given to the account of the Missouri State Life.

General American Life is in a sound financial condition, according to Mr. Lucas. It is well managed by capable and efficient board of directors and officers. General American, he states, has had a continuous growth. The Missouri State Life account has been honestly and efficiently administered. The examiners were unable to find any intentional or improper conduct or practice on part of General American that resulted detrimentally to the Missouri State Life account.

Interpretations Are Fair

The Missouri department, according to Mr. Lucas, for the past year has devoted close attention to the affairs of General American, because of the obligation that was imposed upon the superintendent by the purchase agreement made in 1933. Mr. Lucas said he has become thoroughly convinced that General American is undertaking honestly and thoroughly to interpret the controlling contract between the old account and the new account. Wherever there is ambiguity and uncertainty, he stated, the company refers the controversial ques-

tions to the department; General American promptly places the reserves against any possible loss that might result to the policyholders of the old account, pending the time of the decision by the department. During the 3½ year period covered by the examination there were items totaling only about \$72,000 that were controversial.

The total new book value of all farm and city real estate still remaining unsold, which was owned by the old company in 1933, is now only \$227,000 less than the present day sound value of the real estate as determined by the examiners. This, Mr. Lucas said, illustrates that the values placed upon the real estate of the old company were sound.

The report, he stated, raises some questions concerning certain large investments that must be solved during the next few years and the department will continue to devote its attention to the solution of these problems. If present economic conditions prevail or improve, he stated, the liens on the old policies will be eliminated, the interest charged thereon will be refunded and a sufficient amount left to pay the stockholders something for their stock.

The examiners set up the total value of the Missouri State Life account assets at \$128,008,074, the balance in the lien reduction fund at \$4,532,481 and surplus \$4,630,726.

The examiners find that General American Life is conscientiously complying with the provision in the purchase agreement that prohibits the re-writing of policies from the old company account. The total of all business written by General American on old Missouri State policyholders was only \$1,793,898. General American asks applicants if the insurance sought is intended to replace the existing policies and it allows no commission if an old policy is lapsed six months before or after a new policy is written.

General American has a rule that if a new policy is issued within 90 days

before or after an old policy is lapsed the new insurance is placed in the old Missouri State Life account. The fact that the new sound market value fixed by the current examination of real estate holdings were only \$227,641 in excess of the purchase agreement basis seems to refute the arguments of opponents of the purchase agreement that valuations had been arbitrarily cut far below real market values in order to fix the loss low enough to permit an immediate sale.

The report discusses the plan for complete mutualization of General American. As of Dec. 31, 1939, the policyholders owned 46.6 percent of the capital and guaranty fund of \$500,000. No dividends have been paid to stockholders since 1936. Since then all surplus earnings have been used for the retirement of stock and to increase the policyholders' guarantee fund.

The total of the original lien against Missouri State policies was \$32,457,858, which is 50 percent of the reserves. As of July 31, 1939, the balance of the initial lien still due was \$12,564,478 and accrued interest was \$2,240,324. Hereafter unpaid interest will be treated as a separate item rather than being included in policy loans. Liens waived at death totaled \$1,990,863. There have been three lien reductions.

Apologies Offered to Massachusetts Indemnity

In the headline of an article in last week's issue the name of the Massachusetts Indemnity Insurance Company was inadvertently used in place of that of the Massachusetts Accident Company. There is no connection whatever between the two companies or their managements and the similarity of names should not be allowed to cause confusion between the companies or their bases of operation, which have been vastly different.

Committees Named for Cooperation

NEW YORK—Appointment of committees by the National Association of Life Underwriters and the Life Advertisers Association to cooperate with the Institute of Life Insurance is announced:

National Association—R. G. Engelman, Penn Mutual, New York, chairman; Marvin Robbins, Mutual of New York, Rocky Mount, N. C.; A. P. Shugg, Aetna Life, St. Louis; John W. Yates, Massachusetts Mutual, Los Angeles; H. T. Wright, Equitable Society, Chicago. Life Advertisers—Karl Ljung, president of L. A. A., Jefferson Standard; John H. McCarroll, Bankers Life, Des Moines; C. S. Davis, Provident Mutual, Philadelphia.

A. E. Patterson, vice-president of Penn Mutual and executive committee chairman of the Life Agency Officers Association, has appointed a similar committee: S. T. Whatley, vice-president Aetna Life, chairman; J. C. Behan, Massachusetts Mutual; A. G. Borden, Equitable Society; G. L. Hunt, New England Mutual; J. A. McLain, Guardian Life; Henry E. North, Metropolitan.


A special committee to cooperate with the National Association of Life Underwriters in connection with its 51st annual convention in Philadelphia also was appointed. G. L. Hill, director of agencies Northwestern Mutual, is chairman and other members are George H. Chace, vice-president Prudential; Cecil North, vice-president Metropolitan, and Messrs. Hunt and Whatley.

It is announced that the committee on training, with Cecil North as chairman, would cooperate with the American College in extending the C. L. U. courses in universities and college throughout the country in addition to studying other training activities.


Send \$1 to National Underwriter for Social Security Slide Rule.

HOW JOHN LINCOLN LEARNED ABOUT MORTGAGE REDEMPTION INSURANCE!


MY MONDAY MORNING MESSAGE TAUGHT ME MOST OF WHAT I KNOW ABOUT MORTGAGE REDEMPTION INSURANCE




FIRST I RECEIVED A MONDAY MORNING MESSAGE ON OPPORTUNITIES AND MARKET FOR M.R. AND A SALES KIT.




THEN CAME A COMPLETE COURSE ON MORTGAGE REDEMPTION PROSPECTING!




AS PLANS DEVELOPED - I RECEIVED ACTUAL MORTGAGE REDEMPTION TALKS THAT PRODUCED BUSINESS.



LATER I RECEIVED HELP ON TOUGH CASES - A COMPLETE REVIEW OF PROVED M.R. PLAN CLOSURES !!!



THROUGH THE MONDAY MORNING MESSAGE I KEEP ABREAST OF THE LATEST SALES DEVELOPMENTS.



THE LINCOLN NATIONAL LIFE INSURANCE COMPANY
FORT WAYNE INDIANA

Investment Policy Probed

(CONTINUED FROM PAGE 1)

man on his opinions as to liberality of present laws limiting investments and the witness indicated they were satisfactory and that even if the legal limitations were removed investments would continue about the same.

Common Stocks As Investments

"You don't get into common stocks," Gesell observed. "Would you like to put some of your assets into common stocks or do you feel they are too much in the nature of venture capital?"

"We are already a very large collective mortgagee of business enterprise," Mr. Stedman answered. "I think we are inclined to shy away from becoming collective partners in enterprise. It might be difficult for the actuaries to calculate surpluses if they had to take into consideration the gyrations of the stock market."

"Or maybe the actuaries have gotten you into your trouble by having you sell so many of those investment contracts that you have obligated yourselves quite apart from your ability to meet them," Gesell suggested.

"You must look at the long range picture," the witness countered. "Before five or seven years you may have the opportunity to invest at higher rates." Asked where these opportunities might arise, he suggested that the European war might bring on a demand for private American capital which would leave a void in this country which life companies would gladly fill.

Interest Rate Problem

Commissioner Henderson of the SEC then wanted to know to what extent the companies are dependent on an increase in interest rate levels for a continuance on the existing basis, that is, how much they are dependent on getting back to "4½ percent money."

Vice-president and actuary Valentine Howell of the Prudential pointed out that they are not in the least dependent although obviously continued low interest would result in a higher net cost to policyholders.

Henderson came back to Mr. Stedman's suggestion, saying that he would hate to stake the future of the country's prosperity on "some more bum loans to Europe." Mr. Stedman reminded him that he was talking about loans from private investors.

Taking up the size question Gesell wanted to know if the Prudential's investment problems would be as great if the company were half its present size. The witness said that problems would be greater rather than less, since size has advantages, such as being able to take issues of securities in private sales, which more than offset the disadvantages.

Isador Lubin's Question

Isador Lubin, Department of Labor, wanted to know if the Prudential considered the 2.7 percent average basis for non-government bonds which it bought in 1939 too low a return considering the gilt-edged type of security and the low percentage of loss over a long period of years on all investments. Mr. Stedman said he considered it too low.

Lubin was also interested in the Prudential's consideration of the labor relations of a corporation on which a bond issue was contemplated. Mr. Stedman said the Prudential considered any labor troubles there might be as purely temporary and that they were a problem for the equity holders and not for the bondholders, the latter being interested in longer range factors.

Mr. Stedman discounted the need of marketability in securities outside of those such as governments purchased mainly for liquidity. He pointed out that in the case of extremely abnormal demands by policyholders there would be moratoria on cash demands and that

marketability would be of little use in a real emergency, since the securities market is so thin that dumping of holdings by life companies and other institutions would quickly disrupt the market, necessitating governmental intervention.

What Vice-chairman Hatton Sumners termed "one of the most interesting facts that has been brought out in this hearing" was Mr. Stedman's statement that the Prudential, because of its strict standards in investing its funds, refused to make loans on businesses which could not show a 10-year balance sheet, a requirement which Gesell pointed out "would seem to bar from this reservoir of capital many business ventures, including new business ventures."

Mr. Stedman explained that less conservative standards would not be suitable for a "trustee's investments." Asked about industrial loans to small businesses, where the security includes a first mortgage on the property, he said that the Prudential's venture into this field had been almost entirely a failure. Out of some 140 propositions considered by the home office or its field man only

two loans resulted. Nearly all the applicants were seeking venture capital on mortgage terms, he said. Very few of the loan applications were for new capital most being to retire preferred stock and take advantage of a low mortgage interest rate.

Result of Selectivity

Reiterating a viewpoint expressed in connection with farm loans, Gesell observed that the Prudential's extreme selectivity in picking industrial bond issues "does result in your taking only the cream of the industrial issues and leaves issues in the lower brackets to look elsewhere for capital." Mr. Stedman assented on both points.

To give the TNEC an idea how life companies operate in a railroad receivership, Vice-president Dwight Beebe of the Mutual Life was asked to describe the proceedings in the default of the Rock Island. Mr. Beebe was chairman of the committee representing holders of the first and refunding 4½ percent bonds in which eleven life companies had a total investment of \$144,000,000. He was also one of a special committee of two to select a new operating head when it became obvious that operations should be taken out of the hands of the road's popular but aging president. He denied, however, that the bondholders' committee's activities constituted control over

the road, since it was necessary to get the court's approval. The new operating management's results were "perfectly amazing."

In response to a question from Chairman O'Mahoney, Mr. Beebe said that he had discussed with the operating management ways of decreasing expenses, including abandonment of 300 to 400 miles of road that was losing the most money. Asked about excess cash, Mr. Beebe said the Mutual has about \$30,000,000 more in cash and \$102,000,000 more short term governments than it would have if suitable normal investments were available. However, as to loans to small businesses, he said the Mutual had received very few requests and that "we have not sought them, feeling that they are not suitable for trust funds."

SECURITY SOUGHT

In answer to a question by C. L. Kades, Treasury Department, Mr. Beebe denied that refusal to bid competitively for municipal issues is due to consideration for the dealers. He pointed out that the company bids freely on equipment trust certificates.

The witness's reference to the expensive questionnaire which is filled out by seekers after capital, gave O'Mahoney the opportunity to remark, "I'm glad to know that the TNEC is not the only organization that issues questionnaires."

Competition Over Best Issues

As to the excessive amount of capital competing with life companies for gilt-edge securities, Mr. Beebe attributed some of this to what would ordinarily be venture capital but which is at present seeking "security at any price."

Lubin asked about the tendency of big corporations like General Motors, General Electric, and U. S. Steel, to finance expansion largely or wholly out of their own funds, financing where necessary through stock issues rather than bonds. He felt this tendency would curtail "the pool from which insurance companies can draw."

Mr. Beebe suggested other developments such as mortgages, including FHA's and housing projects.

"Does that mean that we should look for less diversification as time goes on?" asked Lubin.

"Your theory must be premised, it seems to me, on a rather static condition for this country," said Mr. Beebe. "It is hard to believe that 130,000,000 people are going to be satisfied with things as they are."

O'Mahoney on Static Future

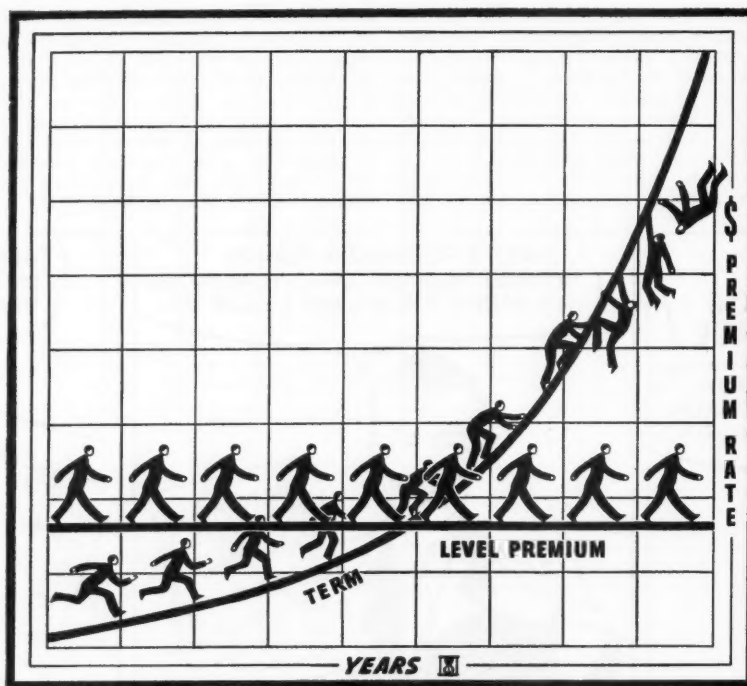
"I think my theory is based on the reverse assumption," said Lubin. "But when expansion comes the trend will be for corporations to finance themselves less on fixed obligations than in the past."

O'Mahoney also took occasion to declare that it would be wrong to assume that any of the TNEC's questions implied a belief in a static future. The situation, he pointed out, is that companies' assets have been rising about a billion dollars a year since 1929, they are having difficulty finding proper sources of investment, yet every company expert testified that there is a minimum of bond investment below which his company does not care to go. He recalled that Chairman T. A. Buckner of the New York Life set the figure at \$500,000. A question to Mr. Beebe revealed that the Mutual Life figure is about \$250,000.

Little Business Man Denied Access

"Here you have a field of entrepreneurs, little business men, who do not and cannot have access to these reservoirs on popular savings," O'Mahoney went on. "Yet it is obvious that an insurance company, a trustee of savings, cannot properly invest in what you might call 'adventure capital.' This is a very important question to the small business man and when we seek information it is not because we are trying to

Bright Touches in Annual Report



A human interest chart dramatizing the hazards of attempting to use term insurance to provide permanent protection is an innovation in the annual report of Equitable Society to policyholders.

The report is personalized, endeavoring to interpret the results of the operations in terms of how they affect the average policyholder. It is entitled "Annual Report on Your Policy and those of your 2,400,000 partners in the Equitable Life Assurance Society of the United States." While giving the actual figures it endeavors to explain briefly and brightly just how a life company operates.

The report explains why a company must maintain large assets. There is a gnomish "little man" carrying an "E. L. A. S. policy" who frolics from page to page. He is used to simplify the story of what happened to the average premium dollar, in which the "little man" is shown "caddying" for the retired policyholder who plays golf, handing a "diploma" to the boy graduating from college, helping a widow and her children

up the "hill of life," etc.

In relating the story of the benefit payments the report uses actual case histories. The same technique is applied to the new sales figures. For instance, the new members of the Equitable Society are broken down into employment classifications, such as "N. M. Pushee, a salesman for Brown & Bigelow, Houston," was among the 4,000 salesmen who bought Equitable Assurance in 1939.

"L. Allen McKnight, of Columbus, Ohio, heating engineer, was one of 9,000 professional men and women joining your Society last year," etc.

The report tells how premium costs are computed on the major factors of mortality, interest rate and operating expenses. The simplified income statement, which is placed on an accrued basis instead of the cash basis, indicates how all funds not required for actual policy payments, to accumulate "legal reserves," to strengthen special and general reserves of a "rainy day" character, and operating expenses, are returned to policyholders as "dividends."

assume a static condition but because we want to open up opportunity."

Vice-president F. W. Ecker of the Metropolitan, like the two previous witnesses, was asked how much of the company's cash and governments he would like to put out if suitable investments were available. He said that ordinarily about 10 percent or less of assets would be in government bonds rather than 15.37 percent as at the present.

O'Mahoney asked Mr. Ecker about capital loans to small business, inquiring how many loans to corporations were for less than \$1,000,000. The witness said there were about six or seven.

Ecker pointed out that while it would not be practicable to return funds to the same individuals who bought policies nor even to distinguish closely as to types of business in this respect it was a fact that outside of the northeastern seaboard states where there is an excess of capital, investments of the Metropolitan are in excess of reserves on business in the respective territories.

Mr. Ecker was questioned on the company's \$43,000,000 mortgage on Rockefeller Center, New York City, which has been amortized down to \$35,000,000. O'Mahoney agreed that nobody could ask for a safer investment. It has been paying 5 percent interest during a period when satisfactory investments have been difficult to get, Mr. Ecker commented.

BANKERS ON STAND

Monday's session dealt with life companies' cash balances and was distinguished by the presence of Chairman W. W. Aldrich of the Chase National Bank, New York City, largest bank in the country, who testified on Metropolitan Life's demand and time deposits, relationship of the bank and Metropolitan, and interlocking directors of the two institutions. Preceding him was G. H. Saylor, vice-president in charge of Chase's Metropolitan branch, located in the Metropolitan Life home office building.

Mr. Saylor, after sparring around with the committee, who felt that his reticence was due to something more than embarrassment, which he said was the case, declared Metropolitan Life's balance in that branch ran between \$30,000,000 and \$40,000,000 and that the account involved about 10,000,000 transactions a year, more than half of which were checks.

No Doubt Profitable

Answering a question by Vice-chairman Hatton Summers, Representative from Texas, Mr. Saylor said he had no figures on whether the account was profitable but had no doubt that it was. Much of his testimony was on the branch's advisory committee composed of bankers and life insurance men, the latter being Chairman F. H. Ecker of Metropolitan Life and President L. E. Zacher of Travelers. The committee also included Mr. Aldrich and Mr. Saylor.

Gesell wanted to know whether the advisory committee's function was not largely promoting business for the bank but Mr. Saylor considered this to be a minor role. He said he was the ranking contact man representing the branch in contacts with the Metropolitan.

Question of Influence

Mr. Saylor was shown a letter which he admitted having written to Vice-president F. W. Ecker of Metropolitan in 1938 which stated:

"This is a confirmation of my telephone message to you this afternoon that the Pennsylvania-Dixie Cement Corporation have asked us to say a good word in their behalf in connection with using their cement in your new building. This company is a good customer of ours and maintains good balances. We shall also be obliged for any consideration you may be able to give their request."

"I have now written you three letters along this line in connection with

Named to Head Second General Agency in Newark

Continental American Life has appointed Irvin N. Relay general agent to start a second agency in Newark.

He has been in the life insurance business for 19 years, having had home office experience and then being an assistant cashier in Newark. In 1933 he went into the field, and his first year topped \$250,000 production. For the last five years he has been a supervisor. Mr. Relay is a member and former treasurer of the Life Underwriters Association of Northern New Jersey, and a member of several other organizations. He is past president Life Supervisors Association of Northern New Jersey. The new Continental American agency is at 744 Broad street.



I. N. Relay

cement. I do not know that it will make any difference but in the order of their importance to us the Lehigh-Portland Cement Company maintains the largest balances, Lone Star Cement Corporation, next and the Pennsylvania-Dixie Cement Corporation, last. I do not know offhand whether we have accounts from other cement companies but if this will be of any use to you in reaching your decision later on, I shall be glad to supply additional information."

No Business Resulted

Mr. Saylor pointed out to the TNEC however, that none of the three firms got any of the business. Neither did any business result from another communication concerning an attempt on the bank's part to get business from Metropolitan. This solicitation was described in a memorandum from H. A. Kiep, Jr., formerly with the bank's new business department, reporting on his attempt to get business resulting from the life company's real estate receiverships in 1932. The memorandum read: "Had a talk with Mr. Frederick Ecker, Jr., reference bank accounts of receivers who are appointed by the courts to administer properties on which the Metropolitan Life Insurance Company holds mortgages which are in default."

"He talked with Mr. Norton comptroller in charge of these matters. Mr. Norton will instruct the company's attorneys to request the courts to designate Chase Bank depository. Mr. Ecker suggests that there may be occasional situations where cash collections are the rule, such as hotel properties, where the nearness of a branch to point of collection might be the determining factor. In such cases, in event we do not have a nearby branch, they might refrain from designating any bank. However, in all others they will request the court to name this bank depository for the receiver. Mr. Ecker also said if there are any specific cases we wish to see him about not to hesitate to do so."

Knott Hotels Involved

Gesell brought up another case in which a checking account had been opened at a Chase branch by the Knott hotel management corporation, this having been done at the request of Metropolitan. Gesell also cited correspondence to show that the Chase used its influence with Metropolitan to swing transactions to the bank's advantage. He introduced a memorandum written in 1931 to Mr. Saylor by E. R. Gafford of the Chase which read:

"I am calling for help. Attached is a letter just received from Mr. F. J. Shay, cashier of Union Trust Company of East St. Louis with reference to

THIRTY-SECOND ANNUAL STATEMENT

of the

SOUTHLAND LIFE INSURANCE COMPANY

DALLAS, TEXAS

December 31, 1939

Admitted Assets

Real Estate, Including Home Office Building	\$ 6,978,196.74
Real Estate Under Contracts of Sale	362,281.66
First Mortgage Loans	7,576,028.41
Collateral Loans	135,315.77
Policy Loans and Premium Notes Secured by Legal Reserve	8,699,435.16
Bonds	3,856,201.39
Stocks	64,536.27
Cash in Banks and Office	1,993,792.07
Interest and Rents, Due and Accrued ..	195,513.99
Premiums Deferred and in Course of Collection	1,096,866.23
Miscellaneous Assets	28,326.10

TOTAL ADMITTED ASSETS \$30,986,493.79

Liabilities and Surplus

Legal Reserve on Policies	\$28,233,958.00
Reserve for Installment Death and Disability Claims	728,359.00
Death and Disability Claims Reported, No Proofs Received	164,565.22
Premiums, Interest and Rents Paid in Advance	292,691.05
Estimated Amounts Due for Taxes Payable in 1940	70,810.97
Policy Dividends Held at Interest or Payable in 1940	63,829.05
Accrued Expenses and Commissions	33,593.50
Reserve for Other Liabilities	97,519.58
Additional Voluntary Reserve Funds ..	200,000.00
Reserve for Future Contingencies	100,000.00
Capital Stock and Unassigned Funds ..	1,001,167.42

TOTAL \$30,986,493.79

Insurance in Force \$186,365,375.00

Total Paid Policyholders and Beneficiaries Since Organization . . . \$35,488,996.00

For information concerning agency contracts address
B. A. Donnally, Executive Vice President

SOUTHLAND LIFE INSURANCE COMPANY

Home Office, DALLAS

A. Morgan Duke, President

"Nothing Succeeds Like Success"

Metropolitan Life's account in that city. "I have talked to Mr. Schlafly, chairman of the board, on several occasions and he has definitely agreed to give us the principal New York account of his bank if we can help him obtain some commercial business. I feel sure acquisition of the Metropolitan account would bring this about at once. There are four banks in East St. Louis and yet Chase does not have a correspondent there. Union Trust has the best location in the business district. It is a substantial bank. R. B. Mellon and Mr. Davis of Aluminum Company of America which has a plant nearby, are substantial stockholders. Would you feel like presenting this matter to your friends in the Metropolitan at some convenient time?"

Requests "Relatively Rare"

Mr. Saylor told the committee that this type of request was relatively rare. Another transaction which Gesell cited was the merger of two Atlanta banks, the Trust Company of Georgia and the Atlanta Savings Bank, the former having Metropolitan's account and the latter Mutual Life of New York's. Correspondence indicated that in view of the conflict of insurance company representation, the two banks would continue to operate separately but that if it were decided to consolidate them the Metropolitan controller would be "consulted." Mr. Saylor explained that the consulting would have nothing to do with whether the consolidation would be put through or not but was just in connection with the company's interest in the situation.

With Mr. Aldrich on the stand the proceedings speeded up considerably. He said he was on several committees of Metropolitan's directorate but that his principal assignment was the financial committee. He denied that that committee had anything to do with what banks should be used as depositories or the allocation of funds among them, the committee's function having to do solely with investments. Chase, he said, has interlocking directors with Equitable Society, Mutual Life of New York, and Prudential, as well as Metropolitan. It was shown that about 5.8 percent of Chase's total deposits are from life companies.

"NOTHING TO SELL"

Mr. Aldrich denied that there was any commercial advantage to the bank in being represented on life companies' boards, saying that his serving on Metropolitan's board was motivated by a desire to be of public service. He denied that the contacts he made in this way were particularly useful in a business way.

As to the value of having life company executives on the bank's board, he was lavish in his praise of having the intelligence and experience of this type of men available. He made the point that while ability and experience could be had among other financial experts, life officials were unique in having "nothing to sell."

Question on Group Cover

Asked by Gesell who had the Chase's group insurance business, Mr. Aldrich answered that it was carried in Metropolitan and Equitable Society, but said that when he said "nothing to sell" he was referring to investments which the finance committee might be considering.

As to incidents on which Gesell had questioned Mr. Saylor, Mr. Aldrich said that individually and collectively they were "trivial."

"I don't think we ever got anything that amounted to anything," he declared. "You feel you got no preferred position?" Gesell persisted.

"I'd say not the slightest, but I suppose there have been instances."

Mr. Aldrich denied that any conflict of interest could arise from a man's serving as director of an insurance company and also of a bank in which the company had a deposit. He said that

in case of a bank's threatened insolvency, a situation cited by Gesell, the question facing a life company's director who happened to be a director of the bank would not be affected by his dual capacity. He suggested that one of the reasons why insurance companies keep their principal deposits in large liquid banks is to insure against being faced with the question of withdrawing and weakening the bank or staying in an institution of questionable solvency.

When it was brought out that Chase had, before the banking act limited the number, 83 directors, Summers wanted to know if there wasn't some sort of civil service examination for Chase directors.

Cost Accounting Difficult

Mr. Aldrich explained the difficulty of estimating the cost of any one account, particularly since Chase has some \$600,000,000 of excess reserves. Since banks everywhere, as well as Chase, are suffering from a plethora of cash, he expressed doubt that it would help the country perceptibly for Metropolitan to distribute its big bank deposits more widely.

Since the banking act of 1933 prohibits interest on demand deposits he said that the only way to earn a return on balances is through time deposits, the minimum time under the act being six months. He said that as recently as the past year Metropolitan moved to increase its time deposit with the Chase but that bank had refused. He was not sure of the percentage paid on Metropolitan's time deposits but thought it was between one-quarter and one-half of 1 percent.

Treasury Man Notes Ratio

C. L. Kades, representing the Treasury Department, cited figures to show that half a dozen of Metropolitan's big accounts showed a ratio in each bank of approximately three to one between demand deposits and time deposits.

Jose R. Espinoza, SEC accounting expert, testified that he had prepared a schedule of Metropolitan Life bank accounts throughout the country and had asked Chase to indicate which of the banks were Chase correspondents and if not whether the Chase had a correspondent in that city. The schedule showed that 268 of the 597 Metropolitan accounts outside of New York City were in banks which were Chase correspondents. However, John Lord O'Brien, Metropolitan counsel, readily obtained consent to introduce into the record a statement that of these 268 banks 186 were also correspondents of banks in New York City which are competitors of Chase.

O'Mahoney Absent From Session

Chairman O'Mahoney was absent from Monday's hearing, being in New York City to address the anniversary luncheon of the Insurance Society of New York.

Financial officers of three major companies testified Monday afternoon on policies in connection with bank deposits. One of them, Lawrence Washington, assistant treasurer Metropolitan Life, was quizzed on his rebuke to an agent who had tried to get a bank loan for one of his clients on the client's life insurance. The insurance involved was not in Metropolitan. Mr. Washington identified a letter he had received from Vice-president Raymond E. Jones of Bank of the Manhattan Company, New York City, which read:

"Dear Lawrence:

"You asked me to send you the name of your agent who had endeavored to arrange a loan at one of our branches against policies of your company.

Opposed to Loans on Policies

"I have explained to you the policy of our bank in the matter of loans on life insurance policies, particularly when the companies are friendly to us. As you know, we find it difficult to obtain good loans today, but nevertheless we do not feel that we should take policy loans away from the insurance companies

where the business rightfully belongs. Perhaps the best way to explain the incident is to send you the enclosed letters which please treat in confidence.

"If you have any suggestions which you might care to make regarding the policy which we are trying to pursue in this matter I shall be glad to hear from you."

No Effort to Influence

Mr. Washington denied any effort to influence the bank's attitude toward lending on life policies and said he had taken the stand that it was none of Metropolitan's affair how the bank chose to lend its money. He admitted that at his direction the superintendent of agencies in charge wrote the following letter to the offending agent, Herbert R. Ketter, St. George, Staten Island, N. Y.:

"It has come to my attention that in connection with a recent canvass of Mr. Clarence E. Eldridge, to whom you sold substantial life insurance policies, you endeavored to make arrangements under which Mr. Eldridge could borrow from banks on his life insurance policies in order to liquidate loans held by life insurance companies. It was even reported to me that in at least one instance you criticized a bank for offering what you deemed unsuitable terms for such a loan.

"Cause of Embarrassment"

"This company has very close relations with many of the large banks in New York City and elsewhere. Some of these banks for reasons of their own do not look with favor upon life insurance policies as collateral, and some of them out of regard for the life insurance business decline at least to solicit this type of business.

"Your activities in connection with Mr. Eldridge's life insurance have proved a cause of embarrassment to the company, and I can only regard them as being beyond your province. I must very definitely request that in the future you abstain from dealings of this nature with banks until you have communicated to the home office just what you propose to do, and have obtained its approval."

Henderson asked, with obvious satisfaction at the opportunity, if this case were not almost identical with the case described in the morning, in which Chase National Bank attempted to get business through its friendship with Metropolitan Life. Mr. Washington said he could see no similarity and that in any event his reproof of Mr. Ketter did not represent company policy.

ALLOCATION OF FUNDS

Henry Greaves, treasurer Equitable Society, and Alfred Meyers, treasurer New York Life, testified on allocation of funds among banks, determination where accounts should be carried and the extent, if any, to which time deposits should be used to obtain higher interest, it being impossible to earn anything on demand deposits.

Wisdom of Big Balances

Mr. Greaves said experience of the last few years has demonstrated the wisdom of keeping substantial bank balances on hand, first to meet unusual volume of demands by policyholders and second to take advantage of unexpected investment opportunities, for example, last September, when the market dropped and the company invested some \$50,000,000.

Asked why the company carried no balances as time deposits, he said that the latter are merely another form of investment and that the company preferred to put funds which would otherwise go into time deposits into short-term securities. As for reasons why the company would open a new bank account, he said that first the bank would have to be entirely sound, and next the move would have to promote the interests of Equitable, for example

in strengthening the company's stand in the locality by checks being written on local banks. He denied that in seeking a group insurance case on a bank that a deposit would be put there as bait, but said it might well be that a deposit would be put there after the case had been closed.

In this connection the following letter to President T. I. Parkinson from Cecil Frankel, Equitable manager in Los Angeles, was introduced into the record by Gesell:

Sought Account for Bank

"You will recall when I was in New York I discussed our banking situation with you. We are carrying our account in the Bank of America, which at one time was covered by group insurance carried in our society. The Bank of America is wholly owned by Transamerica. Several years ago the Bank of America cancelled our group insurance coverage and placed the business in their own Occidental Life. The Occidental Life, not being in the group conference, quoted a much lower rate to our main group patron in Los Angeles—the Union Oil Company—and wrote the accident and health insurance which we had developed and would have written had it not been for the lower rate quoted.

"Since the Farmers & Merchants Bank is the only bank in Los Angeles that carries group insurance with us, I believe it only fair that we do some business with them, not necessarily the entire account but part of it, as a reciprocal gesture. The president, Mr. Rossetti, has mentioned this matter on several occasions. I hope you will give it favorable consideration."

Summers Speaks Out Again

Summers grew restive at the long drawn out attempt of Gesell and Henderson to probe motives for opening new accounts.

"It lays right out on the table," Summers snorted. "You don't have to have a whole lot of figures and statisticians."

Mr. Meyers, New York Life's treasurer, gave the same reasons as Mr. Greaves for not putting money into time deposits. Asked why the company carries about \$2,000,000 more in each of three New York city banks—Chemical, Chase, and New York Trust—than in the two other banks in the city in which it has accounts, Bankers Trust and Central Hanover, he said it was because the first three perform extra services—collecting coupons and out of town items, supplying cash for payroll and the like.

Even assuming the company could get its cash out in suitable investments, Mr. Meyers said he would not like to see the cash balance go below \$30,000,000 to \$40,000,000 "at the very lowest."

Corrects Wrong Impression

Gesell wanted to know if a company could not put its extra money into time deposits, withdrawing it and merely forfeiting the interest if a cash drain or an exceptional investment opportunity came along. Mr. Meyers said banks are not permitted to do this under the law, the minimum term for a time deposit being six months. In the case of Citizens & Southern National Bank of Savannah, Ga., in which New York Life already had an account and which suggested that a \$200,000 time deposit be made for 12 months at 1½ percent, Mr. Meyers told the bank that "it has long been the policy not to maintain dormant deposits." He expressed to the committee the opinion that the bank was "grossly mistaken" in thinking that the banking law would permit the proposed arrangement.

Henderson wondered whether the banks, if they got some of the money which Mr. Meyers testified they were so active in soliciting, would not be more active in lending it. The witness said that "you would have to ask the banks about that." Summers later suggested that ample sources of funds other than life companies are open to the banks.

"You get your money from all over

the country," Henderson observed. "Have you ever considered that?"

"With respect to our other investments, yes," the witness replied, "but not cash."

As to solicitation by innumerable small banks seeking a \$5,000 account from New York Life on the basis of their Federal Deposit Insurance Corporation backing, Henderson asked Mr. Meyers if it were not true that there would be considerable expense in handling a multitude of small accounts. Mr. Meyers said that this was so but that even more important was the possibility of having to pull in the cash so spread out, perhaps causing not merely ill-will, as Henderson suggested, but even financial crises in the communities involved.

Asked how long he felt it would be before such a situation might arise, he said it was his experience that "these things come out of a clear sky."

Sumners Mentions Concentration

Sumners said that a very important matter had been suggested but not made clear: the concentration of funds held at no interest while at the same time there are communities which lack money and could use it. He conceded that it is not the life company's business to worry about the situation of the banks in these communities, since they have other facilities, such as the Federal Reserve system, for obtaining credit.

To Check Attorney Fees on Reorganization Case

SAN FRANCISCO—Assuring Commissioner Caminetti that he will not allow any fees to special counsel engaged in connection with rehabilitation of the Pacific Mutual Life until they are first submitted to the commissioner for his opinion and to the court for its approval, Attorney-general Warren of California has replied to Commissioner Caminetti's letter in which the commissioner criticized the fees which had been previously allowed in the Pacific Mutual Life matter. Mr. Warren pointed out that the fees were contracted prior to his election as attorney-general.

"The services rendered by special counsel during the past year have been in connection with advice to the liquidator and in the so-called equity suit which is now about to be tried in the superior court of Los Angeles county. This case is simply another version of the attack heretofore made on the reorganization plan which went to the U. S. Supreme Court and it should finally adjudicate all of the issues involved. The attorneys who have represented the commissioner up to the present time are the same who represented the two commissioners immediately preceding you."

Mitchell, Silberberg, Roth & Knupp of Los Angeles is handling the pending litigation.

Dr. Garner Medical Director

Dr. David S. Garner has been elected medical director of Shenandoah Life succeeding Dr. J. H. Dunkley. He has been Dr. Dunkley's assistant since last August. Previously he was assistant director of the Medical College of Virginia's hospital division.

Special Libraries Annual Rally

The annual convention of the Special Libraries Association will be held at the Claypool Hotel, Indianapolis, June 3-6. Irene M. Strieby, librarian Lilly Research Laboratories of Indianapolis, is the convention chairman. The theme of the convention program is "Utilization of Resources," and it is tied up with its slogan, "Putting Knowledge to Work." Miss Alma C. Mitchell, librarian Public Service Corporation of New Jersey, is president.

United States Life has appointed Edward O'Toole as assistant secretary. He joined the company in 1937, previously being associated with Guardian Life for six years.

Refugees' Applications Are New Selection Problem

A new problem for life company underwriters has arisen, due to the European war and racial conflict which has projected a stream of refugees to these shores, William Dowd of the Retail Credit Company told the Life Supervisors Association of New York at a luncheon meeting. The problem is being studied carefully and its development is being watched.

Many questions present themselves to the selection men in considering such cases, perhaps most important being financial status. Sponsors of refugees stake them to funds with which to get started in some remunerative work in this country. However, the refugees are handicapped in their struggle for existence here by not understanding the language or customs, Mr. Dowd said, and they arrive at a time when unemployment is our most serious problem.

May Have Concealed Funds

The refugee is hesitant about disclosing the true state of his finances. Agents can help in discovering the facts. Refugees, especially from Germany, had to use deception to get their funds out of that country. They are skeptical as to what the attitude of authorities here would be if it were found they had more money than they declared. They may have letters of credit in large sums with Paris or London banks, yet have arrived in America with only a few dollars.

Another serious problem is suicide. The loss of all possessions overseas, worry over relatives remaining there, and so forth, may cause refugees to kill themselves here. Many have done so. They have a strong natural tendency to be despondent.

Volume Doubles in Year

A year ago, Mr. Dowd said, his company was making 15 to 20 reports a week on refugees of all classes. Now twice that number are being made. Those reported on generally have been in this country two months to two years.

Another question which must be considered in connection with applications of refugees, Mr. Dowd said, is the possibility that, in event their venture in America is a failure and they cannot surmount conditions, they would find a way to capitalize on their life insurance for the benefit of their beneficiaries. So far only the better class of refugees have applied for insurance, but there has been a change in the quality of refugees in the last six months which may be reflected in applications. They were formerly largely of the professional class. Now they are mixed and of a lower social order. Agents should determine these circumstances as reliably as possible, and also whether the refugee is here on a quota or visa basis. Refugees here on visa, if they cannot have their visas renewed, may kill themselves rather than to return to their home countries.

Early Bird Campaign

The Business Men's Assurance staged an "Early Bird" campaign in January. It proved successful, as indicated by the new all-time high record reported for January—a gain of 12.4 percent, with 240 salesmen qualifying as prize winners.

O. K. Johnson, Albuquerque, N. M., led for the month in both paid production and total applications reported. He has been with the company 14 years and is a member of both the Grant Club and Accident & Health Club for 1940. Second high was J. W. Tetley, San Diego, Cal., who finished the month very close behind Mr. Johnson. L. B. Isaacson, Ogden, Utah, ranked third, entitling him to first place among the Idaho-Utah salesmen.

The leader on life insurance volume for January was G. A. Diehl, Milwaukee. It was his best month since going with the company in 1937.

How Are Those Resolutions Holding Up?

Of course you solemnly resolved to see more people in 1940 . . . to do more prospecting . . . to do a better job of selling.

Are You?

Here's hoping that you are, because there are a lot of people within your reach who are entitled to the benefit of your experience and your training, your wise counsel . . . and without your help they might put it off too long!

The
NATIONAL LIFE AND ACCIDENT Insurance Company, Inc.

C. A. CRAIG, Chairman of the Board C. R. CLEMENTS, President
HOME OFFICE NATIONAL BLDG.
NASHVILLE TENNESSEE



New Institute Film, "AMERICAN PORTRAIT," Shows How Salesmen Built U. S.



"AMERICAN PORTRAIT" covers 100-year achievements of salesmanship. Grandpa Smith (Alan Ladd), life underwriter for 58 years, is shown starting career.



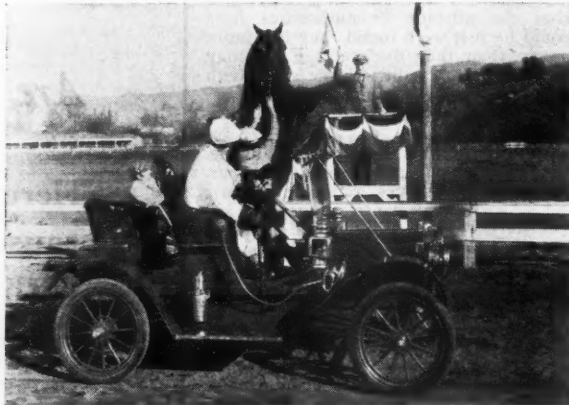
DIFFICULT JOB of playing various ages of a man from 18 to 76 is well handled by Ladd. Here he is at 40—successful agent at the turn of the century.



RETIRED AT 76, Grandpa says modern life insurance offers such a range of security that today's underwriter "must work harder, know more than in my time."



PEOPLE DON'T RUSH IN TO BUY improved goods or services and here (1840) Grandpa's father, David (Ben Alexander), tells brother Calvin (Hal Taliaferro) the big job is to "show every man where and how life insurance fits into his scheme of things."



THE AUTOMOBILE HAD TO BE SOLD, TOO. Grandpa's Cousin George (Milburn Stone) raced his car against horses to show its worth. This one cost \$20,000, but George said some day price would be \$1,000 after salesmanship had broadened market.



THEME OF AMERICAN PORTRAIT is that salesmen created the desire for the things that have made a better way of life. Grandpa's Uncle Calvin had to work hard to sell doubters the idea that new-fangled kerosene lamps "beat candles all hollow."



"YOU KIDS TAKE TOO MANY good things for granted," Grandpa told Barbara (Mary Brodell), in foreground, who wasn't excited about driving 80 miles, talking over long distance, preparing snack in electrified kitchen—all in one evening.

"American Portrait," the second interpretive film production of the Institute of Life Insurance is now being previewed by life men and will be available for public showings beginning March 18.

The 25-minute sound picture pays tribute and is dedicated to "those soldiers of progress—America's salesmen." Produced in Hollywood, "American Portrait" is comparable to top-flight theatrical films in cast, director, photography, sound, sets and costuming. Facilities of the Hal Roach studios in Hollywood where "Of Mice and Men,"

"Topper Takes a Trip," and other screen hits were made, were used in this production.

Holgar Johnson, president of the Institute said:

"'American Portrait' tells the story of improvements and better ways of life which have come into being during the past 100 years. It brings home the fact that, while inventiveness and ingenuity created the improvements, the force which brought them into widespread use has been American salesmanship. Improved commodities and services never have been quickly or universally

accepted. They have had to be sold."

The picture already has been shown to many life groups.

Foster A. Vineyard, associate general agent of the Gordon H. Campbell agency of Aetna Life, Little Rock, addressed the Little Rock Boys Club Vocational Guidance Class on "Salesmanship and Its Relation to the Insurance Business."

Distribute Millionaire Davies' booklet, "Why I Bought Life Insurance," to prospects. 8 for \$1. Order from National Underwriter.

Expect No Major Change in War Rates

TORONTO—There has been a slight revision in the war premium rate schedule of Canadian life companies. Army chaplains are now classified with the army medical corps, at a rate of \$40 instead of \$90 per \$1,000.

There is no indication that war clause premiums will be changed for some time. Only one contingent of the Canadian army has left for overseas, although it is understood the movement of troops will be at a brisker clip following the general federal elections March 6. Canadian companies with coverages on the lives of British soldiers now stationed in France, as well as with naval forces, have had a favorable loss experience during the first five months of hostilities.

The fairness of the war changes has been accepted by the Canadian public. With regard to the details of revision differences of opinion have naturally been expressed. Soldiers as well as civilians are carrying wartime protection. In fact, 6,000 of the first contingent of 16,000 Canadian soldiers are paying the added premiums through a special collection agency set up for that purpose by the Canadian government.

Must Absorb Loss

It is evident that the life companies must absorb losses on the exposure of men in the armed forces and civilians, who go beyond the home areas, whose policies do not include the war clause. Such persons, however, form but a small class among the vast numbers of total insured and the percentage loss in this respect is expected to be light. Canadian offices are fortunately situated regarding such risk. In England risk of this sort is fairly extensive and English companies have been meeting a barrage of criticism for their slowness in introducing war regulations. It is argued that months before war broke, and even years before it became a reality, life companies should have prepared for such an eventuality with a war clause.

One company executive who states there is no prospect of any immediate change in war premiums, said "if the war continues along its present style well into 1940, it is possible the Canadian companies will revise downward the extra premium rates on war risk insurance. However, we are waiting to see just how the war develops in the winter and spring months before we can arrive at any further decision regarding rate changes, upwards or downwards."

Home Office Men in Los Angeles

LOS ANGELES—Several home office executives were honored guests at the meeting of the Life Insurance Managers Association, including A. Mackenzie, assistant general manager, and A. Keech, agency superintendent of the Manufacturers Life of Canada, and E. C. Andersen, educational director Connecticut Mutual Life, who spoke briefly.

President A. E. Peyton exhibited a handsome hand lettered tribute from the association to the late Dr. C. J. Rockwell, which is to be framed and presented to Mrs. Rockwell.

Curtis Lamb, editor "Leaders Digest," spoke on "Approaches, the First Six Minutes Time."

Change Ontario License Date

TORONTO—The expiration date of life agents licenses in Ontario has been changed from Sept. 30 to March 31 by the insurance department. Licenses now in effect are good until March 31, 1941, and will not expire Sept. 30, 1940 as ordinarily would have been the case.

Waddell on Pittsburgh Course

Robert N. Waddell, general agent Connecticut Mutual, Pittsburgh, will speak on "Fundamentals of Life Insurance" on April 1, 4 and 8, before the school sponsored by the Insurance Club of Pittsburgh.

Contract Terms Viewed Broadly in Agents' Job Cover

Technical Differences Not Influencing States' Attitudes, Whether Pro or Con

NEW YORK—While in many states the unemployment insurance status of commission-compensated ordinary agents is still unsettled, revisions of agents' contracts apparently will not be necessary, it appears in the light of legislative action, court decisions and rulings by state commissions or attorneys-general. A review of all of these, favorable or adverse, shows that no state, whether holding such agents to be employees and hence subject to the tax or exempt as independent contractors, has drawn a distinction between one company's agency contract and another's.

In any given state which has taken action either way, all commission-paid, ordinary agents are in or they are all out. This is of considerable importance for the future, since if state commissions, courts or legislatures showed a tendency to include one type of contract and exclude another, a company with the included type might find itself liable for taxes up to the time it changed its contracts to gain the exempt status.

None Specifically Included

Incidentally, no legislature has yet included a provision in its laws specifically including commission-compensated ordinary insurance agents as employees. Nor is there any state in which companies have acquiesced in payment of the tax. In some states where agents haven't been specifically exempted, the companies are seeking declaratory judgments, or waiting for clarification of their agents' status before paying the tax.

The Northwestern Mutual's agency contract goes as far as any other in making it unmistakably clear that its agents are independent contractors and in no sense employees, even stating that nothing in the contract shall be deemed to constitute an employer-employee relationship. This contract has been frequently used as the basis for test cases. Yet the states have not sought to find technical differences in the contracts. So long as the contract provided for payment solely on a commission basis the states have regarded all companies' contracts as being on an equal footing.

Following Federal Pattern

Massachusetts and Nebraska already have followed the federal pattern, which specifically exempts service performed by an insurance agent who is solely paid on a commission basis. Some other states have more or less similar language in their statutes exempting ordinary agents wholly compensated by commission or to the extent that they are compensated by commission.

In addition to Massachusetts and Michigan, states which have taken legislative action to exempt life agents are:

Alabama—Solicitors or agents for an insurance company if compensated wholly on a commission basis.

Colorado—Service by an insurance agent to the extent compensated by commission.

Kentucky—Casual solicitation of insurance not in the ordinary pursuit of one's livelihood. (A section previously exempted all commission-compensated life agents, but this was repealed.)

Louisiana—Service in the employ of

an insurance company as agent or representative engaged in field work.

Michigan—Insurance agents and real estate salesmen principally or wholly on a commission basis.

South Carolina—Service in the employ of an insurance company as agent or representative engaged in field work.

South Dakota—Insurance agents compensated principally on a commission basis.

Tennessee—Service in the employ of an insurance company as agent or representative engaged in field work.

Washington—Service of an insurance agent or solicitor to the extent he is compensated by commission.

Texas Law Repealed

Texas also had a law specifically exempting insurance agents. This was repealed but agents of one company have been held exempt under a recent opinion of the attorney-general. Presumably the opinion will apply to all companies similarly situated.

Connecticut follows the old common law master-and-servant definition of employee but the state commission nevertheless ruled that agents were included. However, the courts held that they are not employees and not subject to the act.

Bills have been introduced in the Kentucky and New Jersey legislatures which would follow the language of the federal exemption for insurance agents.

In New York the agents' status is still a subject of hearings before the state board.

In Ohio a declaratory judgment is being sought and similar action is contemplated in Missouri and Oklahoma.

The common law definition of employee is so obviously at variance with the status of life agents that it is usually possible to prove this to the satisfaction of the courts even though state commissions may take an opposite view. Most of the confusion arises in states which have the so called "A. B. C." provisions defining service which is exempt from the act.

Definition That Causes Trouble

This language is followed in many states and reads: "Service performed by an individual for remuneration shall be deemed to be employment subject to this act unless and until it is shown to the satisfaction of the board that (a) such individual has been and will continue to be free from control or direction over the performance of such service both under his contract of service and in fact; and (b) such service is either outside the usual course of the business for which such service is performed or that such service is performed outside of all places of business of the enterprise of which such service is performed; and (c) such individual is customarily engaged in an independently established trade, occupation, profession or business."

Since a primary objective of the integrated scheme of unemployment insurance benefits among the states and the federal government is uniformity, the federal exemption of life insurance agents compensated by commission lends support to similar action by states which do not already conform to this pattern. In addition to the desirability of uniform scope, states are usually unwilling to tax their employers more heavily than do other states. By forcing life companies to pay taxes on their agents when the federal law does not, a state penalizes its employers.

Can Deduct 90 Percent

This is due to the fact that the employer can deduct up to 90 percent of his federal unemployment insurance tax of 3 percent if it is paid to a state under its unemployment compensation law. However, if an employer's state tax, by reason of being based on a broader definition of employment than the federal act's, were to total more than 90 percent of the federal levy, the employer could still take credit for only 90 percent.

While the federal law was amended last summer specifically to exclude life agents, this was done against the wishes

HELPING AMERICAN FAMILIES

DIVIDE THEIR Dollars!

**BETWEEN THE BUTCHER • THE BAKER •
THE INSTALLMENT COLLECTOR • AND
Keep A Part of What They Earn
FOR THEMSELVES**

That's what the Business Men's Assurance Company is doing for its thousands of policyowners and clients through the medium of its new Monthly Finance Control book.

No one would think of conducting a business without keeping books, yet millions of families attempt to manage their personal finances without any kind of records. As a result they are unable to KEEP ANY PART OF WHAT THEY EARN FOR THEMSELVES AND THEIR FUTURE.

To help them with this important problem, the B. M. A. has devised a simple Finance Control book which is now being distributed through its sales representatives as a free service to policyowners and clients. By adhering to this simple plan of financial management these people are in a position to allot more of their earnings to insurance and are eager to learn about the special B. M. A. All-Ways Income Plan.

W. T. GRANT, President

J. C. HIGDON, Vice-President in Charge of Sales

"Teach your Dollars to Have more Cents"



Business Men's Assurance Company
KANSAS CITY, MISSOURI.

of the social security board, which has manifested a very definite policy of making the act as all-inclusive as possible. Hence, a development that is being closely watched is the reported effort of the board to use its influence toward getting state commissions and legislatures to hold the broadest possible definition of employment.

The federal board, under the law, pays out from the 10 percent which it collects sums to the states for administrative expenses. The board is in a position to exercise considerable discretion over the sums so allocated. The New York Unemployment State Advisory Council, composed of representatives of the public, the employers and the employees, recently issued a bulletin which criticized a tendency on the federal board's part to use this power of the purse to keep the state boards receptive to its ideas.

If the federal board were successful in getting agents included as employees in a substantial majority of states it would presumably have a considerably stronger basis for urging that they also be included under the federal act. There is no evidence that the board is working along this line on life agents but the tendency of the board to extend its sphere of influence into the states opens up the possibility.

Zimmerman Takes Stand in SEC-TNEC Quiz

(CONTINUED FROM PAGE 1)

Mr. Zimmerman observed that first year men would account for about 40 percent of the agency force, thereby distorting the picture considerably. He said that the company for which he is general agent, Connecticut Mutual, had broken down the figures to exclude first year men and that second year men earned an average of \$875 a year, but admitted that even for third year men the average was still below \$1,000. It should also be remembered, he said, that many agents have income from other sources, such as accident and health, other life companies, and general insurance.

Lower Agent Turnover

In answer to specific questions from Gesell, Mr. Zimmerman said that lower agent turnover would reduce lapse, though not materially, and that it would reduce the net cost of insurance, that better selected agents would result in fewer lapses and lower net costs; that payment of guaranteed minimum salaries to men coming into the business and thereby lessening the stress on first

year commissions would tend to cut lapses; and that if there were fewer unfit agents there would be fewer lapses and lower net cost.

Gesell suggested that the renewal commission might be made smaller and stretched over a longer time so it would be "a real service commission." Mr. Zimmerman thought the effect would be merely to pay the agent for what he is doing anyway under the present system. In the early part of his testimony Mr. Zimmerman described the services of the agent and the role of the National Association of Life Underwriters. At Gesell's request he traced the programming of a typical case and outlined the various ways, such as distribution of proceeds, business insurance, taxation, and the like, on which the agent's services are of value.

Cites Professional Aspect

Gesell took the view that though the life agent is a salesman, the professional aspect of his work makes it erroneous to compare him with the usual salesman, and that the business should take no satisfaction from a comparison showing that the life agents rank seventh in a list cited by the witness of 18 commission compensated sales lines.

The SEC tabulation showing that 50.82 percent of agents earned less than \$250 compensation in 1938 also listed the following commission brackets and percentages of agents in each: \$250-\$499, 11.34 percent; \$500-\$999, 11.98 percent; \$1,000-\$1,499, 7.56 percent; \$1,500-\$1,999, 5.06 percent; \$2,000-\$2,499, 3.6 percent; \$2,500-\$2,999, 2.45 percent; \$3,000-\$3,999, 3.31 percent; \$4,000-\$4,999, 1.63 percent; \$5,000-\$6,999, 1.35 percent; \$7,000-\$9,999, .57 percent; \$10,000-\$19,999, .29 percent; \$20,000 and up, .04 percent. The table includes only commissions paid by the declarant company and is based only on the information supplied by the 27 companies which furnished sufficient information for the question to which the schedule relates.

Another Table Presented

Another table, based on information from 35 companies, gave the highest commissions paid in 1938 to soliciting agents and the tenth from highest. Following are the respective figures for each company:

Acacia Mutual \$13,182 and \$6,363; American United \$10,515 and \$4,378; Bankers of Iowa \$7,862 and \$5,725; Bankers of Nebraska \$12,045 and \$4,892; Berkshire \$7,507 and \$3,402; Business Men's \$23,002 and \$6,669; California-Western States \$31,040 and \$8,749; Central Life of Iowa \$4,182 and \$2,616; Columbus Mutual \$12,761 and \$4,728; Connecticut General \$12,680 and \$7,932; Connecticut Mutual \$14,699 (tenth highest commission not given); Continental American \$7,374 and \$5,437; Country Life \$9,788 and \$4,609; Equitable of Iowa \$9,580 and \$5,995; General American \$5,254 and \$2,619.

Also: Great Southern \$15,847 and \$5,181; Guardian \$13,722 and \$5,905; Home \$10,199 and \$5,155; Indianapolis Life \$18,948 and \$5,485; Jefferson Standard \$9,120 and \$4,706; Life of Virginia \$5,107 and \$1,845; Lincoln National \$17,945 and \$8,200; New York Life \$25,076 and \$18,453; Northwestern National \$18,382 and \$4,867; Occidental \$15,638 and \$5,458; Pan-American \$6,528 and \$1,464; Penn Mutual \$23,237 and \$10,790; Phoenix Mutual \$11,963 and \$6,360; Prudential \$11,586 and \$5,832; Reliance \$27,997 and \$10,639; Southland \$36,463 and \$7,030; Southwestern \$24,500 and \$8,495; Union Central \$15,304 and \$5,695; Volunteer State \$16,479 and \$6,496; West Coast \$10,068 and \$5,726.

Also included in the list were highest and tenth highest commission paid to part time agents.

Turnover figures based on 45 companies' replies included soliciting agents appointed during the year, contract terminations, and number of agents' contracts in force as of Dec. 31 of the year given: 1934, 19,055 appointments made; 22,178 contracts terminated; 48,775 in force at the end of the year; for 1935 the figures were respectively, 18,413, 19,965

and 47,155; for 1936, 17,010, 19,434 and 45,429; for 1937, 15,676, 17,507 and 43,967; for 1938, 15,745, 16,297 and 43,452.

Mr. Zimmerman pointed out that improvement in selection is reducing the trend in taking on agents, that more are being weeded out and that hence the total number of agents is lower. Gesell wondered if it might not also be due to the greater difficulty of selling insurance.

Mr. Zimmerman finished his testimony Wednesday morning.

Washingtonians Are Heard

All witnesses Wednesday afternoon were Washington insurance men. D. D. Lambert, general agent Travelers, testified to an unusually low agent turnover ratio in his agency, saying it was about two or three men a year out of an agency of 50.

H. D. Krafft, general agent Provident Mutual, said that payment of minimum guaranteed salaries to new agents would "undoubtedly" improve the type of men. He volunteered the opinion that there is a place for the agent in the federal social security system. He agreed that payment of a service commission throughout the life of the policy would stabilize earnings of agents.

L. C. Crawford, broker, testified on the broker's role in the sale of life insurance, stressing his freedom in selecting from the various companies the contract best suited to the client's need.

T. R. Crowley, general agent Penn Mutual, said that he had used a salary basis for 18 months for new agents and results had not been successful. Salaries, he said, were based on living expenses of the individual agents and were never less than \$100 a month nor greater than \$150.

Influenced By Eagerness

Asked why the salary plan doesn't work, he said he was influenced by the prospective agent's eagerness to get the salary. "Instead of getting a man who wanted to make a career of this business, I got a man who wanted a salary," he said. He admitted that maybe he hadn't given the system an adequate trial.

J. M. Maloney, agent and former manager Fidelity Mutual, agreed with Gesell that a salary plan would be beneficial as a check on managers and home offices in putting on agents.

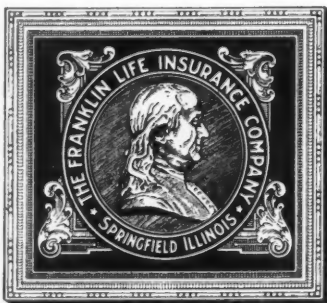
Schedule for the remainder of this week included testimony by Alfred M. Best, insurance publisher, on life company failures, and by E. J. Howe, chief financial adviser SEC insurance study, on net costs of the 26 companies covered in the big investment report.

Shy on Assigned Lists

A New York City manager commented the other day on the experience that he had encountered in giving agents names of policyholders on the books that had been put there by those who were not now with the agency. A man might be handed from 30 to 50 names or even more. He discovered that very few men would go after these assigned names vigorously because they felt that they would have to spend considerable time in servicing these, getting in touch with them, learning about them. They preferred spending time and effort on their own policyholders as the results would be greater.

Some agents take these assigned names and work hard on them. The trouble seems to be that the agent to whom such a list is given knows nothing or little about many of these policyholders. Therefore, it seems that he has to start from scratch in cultivating them and the returns are not satisfactory. This general agent favors some stipulated extra compensation plan for agents working on these lists until they become acquainted with the people.

President Ellsworth Regenstein and Paul R. Sawyer, manager of the accident and health department of Kentucky Home Mutual Life, the past few days made agency visits to Cincinnati, Cleveland and Toledo.



AN AGENT'S LIFE LINE

is the salability of the policies issued by his company, because upon that salability depends his income.

The Franklin offers a complete line of policies, recently revised to include the most modern innovations; an exact fit for every insurable need.

Determined upon a program of expansion, The Franklin offers superior policies and forceful leadership to agents who want to grow.

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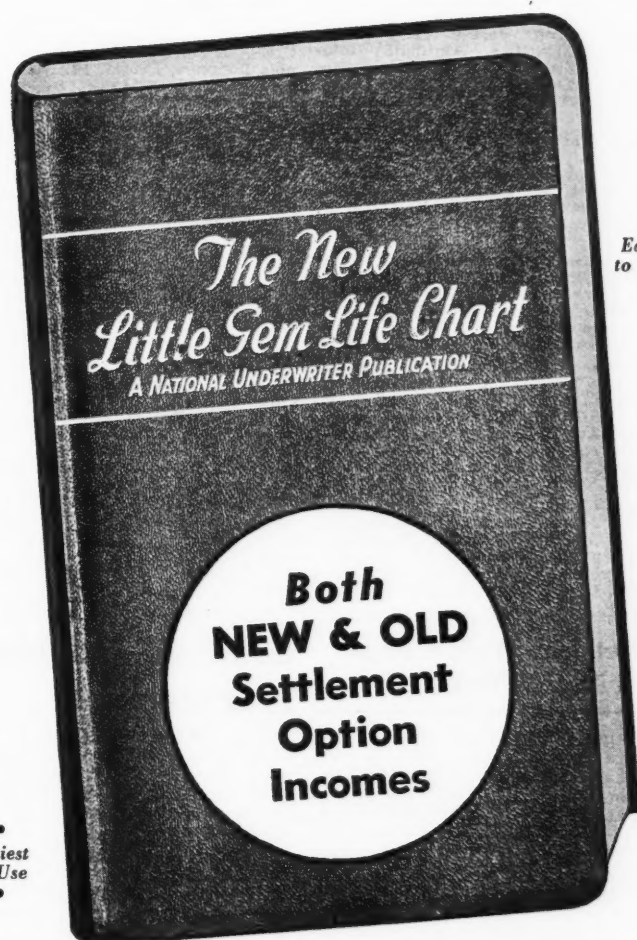
Over \$177,500,000 Insurance in Force

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Also includes these More Important Features

Direct reading SOCIAL SECURITY Benefit Tables
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 Rates at all ages—also Disability & Double Indemnity
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Shows MORE on "Settlement Options"—MORE on "Retirement Values"—MORE "Programming Data", than any other small book!

Helps You to Make Prospects out of "People who Already Own Life Insurance"

By showing the "pension power" of their present insurance—*what incomes will be payable*—you get people to thinking of how insurance money, some day, will be used—how much the beneficiary will have to live on, and for how long.

When this thought replaces the usual picture of \$1000 or \$5000 lump sum, the insured gets a new vision of what life insurance is for. "Old policies" cease to be obstacles and become the foundations on which you can build livable incomes with additional insurance. The new Little Gem gives you just the information you need to sell more insurance in this way—to a tremendous group of good prospects.

Makes "Programming" Easier!

Programming is really not so complicated. Of course there are certain essentials such as "values," "incomes payable," etc., but each individually is simple, especially for Little Gem users, for practically all the necessary data is already "worked out" for you in the Little Gem.

Not only are there tables showing what is required to produce *all sizes and periods of incomes* as well as the exact incomes payable by the various companies, but the Little Gem also contains numerous illustrations of how all these may be put together, *with the additional insurance almost always needed*—to fill the needs of almost any situation.

Many Other "Sales-Making" Uses!

Likewise, there are many other important "business-building" uses of the Little Gem, such as (1) arousing cold prospects, (2) selling people who "have enough," (3) closing "stalling" prospects, (4) avoiding competition, (5) saving time, (6) building prestige, (7) stressing the income idea, etc. Each is carefully explained for you in the book itself.

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SPECIAL "CLUB PRICES" TO ALL AGENTS

Rush, as soon as ready, at my "club rate"
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Mail to **The NATIONAL UNDERWRITER**
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Order Your
NEW
"LITTLE GEM"
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Regular Price \$2.50

Test Tax Rule on Insurance Proceeds

MILWAUKEE — Whether monthly installments on life insurance proceeds can be taxed as income under the Wisconsin statutes by the state after the payments have exceeded the face value of the policy is to be decided in circuit court here. The action is brought by the state department of taxation in appealing from a ruling of the Wisconsin Board of Tax Appeals which has held the payments nontaxable. The appeal involves more than \$20,000 of proposed additional income taxes on payments received by Mrs. Charles Allis, 88, Milwaukee, widow of the first president of Allis-Chalmers Manufacturing Co.

Mrs. Allis is the beneficiary of six policies which had a face value of \$251,000 when her husband died in 1918. An inheritance tax was paid on that sum. At her option the companies are paying fixed monthly installments to her for life. The tax department contends that after the aggregate of the installments reached \$251,000, the state could tax subsequent payments she received, and seeks additional taxes on that income for 1927-1936.

The assessment was upheld by the Milwaukee county board of tax review

and was vacated by the state board of tax appeal. The state board held that the installment payments received by Mrs. Allis were still life insurance proceeds in payment of a death claim, even after the face value of the policies was exceeded; and that the payments were exempt from taxation by state law.

Rules on Death Assessments

SAN FRANCISCO—Under California laws, mutual benefit life associations cannot collect special funds from members on an age basis to pay death claims, according to an opinion by Neil Cunningham, deputy attorney-general. The code "provides that assessments for mortuary purposes shall be established ratably as between the members, taking into consideration the amount of coverage and the limitations in the form of coverage," the opinion states. It was not the intent of the law "to permit such associations to collect as dues or fees substantially more than necessary for their actual expenses of operation, and certainly not under express provisions of a benefit certificate for use in payment of death claims."

Accident and health sales up 8 percent. Get on bandwagon. Send \$1 for six months' subscription to Accident & Health Review, 175 W. Jackson Blvd., Chicago.

Our New ARROW of GOLD POLICY Provides—

- 1—Low cost protection at less than term rates.
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- 5—Conversion privileges any time until age 70.

A liberal, flexible, low cost contract. Extraordinary first year commissions and renewals.

Illinois Bankers Life Assurance Company

MONMOUTH, ILLINOIS

Exceptional General Agency contracts in the states of Illinois, Iowa, Indiana, Ohio, Missouri and Kansas

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PRODUCTION LEADERS FOR 1939

Leaders in personal production, leading general agencies or districts and leading states in 1939 have been announced. The three leaders in each classification are shown below in the order they rank. The amount of production is shown in cases where figures are available.

Bankers National, N. J.—PERSONAL. Harry J. Baker, Boston, \$702,670; Rudolph Fried, Philadelphia, \$696,000; Irving Victoroff, Jersey City, N. J., \$659,000. **AGENCIES, Abraham Goldstein, Hartford, \$1,558,750; Irving Victoroff, \$1,347,000; Harry J. Baker, \$1,237,692. STATES, Pa., \$2,575,913; N. J., \$2,260,015; Conn., \$1,471,750.**

Boston Mutual (ordinary only)—PERSONAL. W. Walsh, Portland, Me.; M. Green, Cambridge, Mass.; A. Bosman, Cambridge, Mass. **AGENCIES, A. H. McLellan, Quincy, Mass.; G. M. Doucette, Portland, Me.; T. A. Cahill, Fall River, Mass.**

Connecticut General—PERSONAL. P. T. Aubin, Chicago; H. T. Bass, Hartford; D. W. Hughes, New York. **AGENCIES, Philadelphia, Chicago, Goulden, Cook & Gudeon, New York. STATES, N. Y., Pa., Conn.**

Carolina—PERSONAL. B. O. Nix, Atlanta, \$52,500; E. A. Smith, Atlanta, \$31,500; F. J. Bland, Greenwood, S. C., \$31,000. **AGENCIES, Greenville, S. C., \$279,000; Atlanta, Ga., \$272,000; Augusta-Langley, Ga. & S. C., \$216,000. STATES, So. Car., \$1,488,500; Ga., \$697,500; Fla., \$247,500.**

Knights Life (ordinary only)—PERSONAL. James Dugan, Pittsburgh 1; Jacob Ramous, Pittsburgh 1; Charles Sokol, Scranton. **DISTRICTS, T. G. Stinner, Pittsburgh 1; Michael Pfeffer, Pittsburgh 2; G. J. Mangis, Altoona.**

Life & Casualty, Tenn.—PERSONAL. J. B. Benson, Meridian, Miss. **DISTRICT, Atlanta, W. C. Roberts, Jr., manager.**

Manhattan Life—PERSONAL. J. D. Robbins, New York; H. L. Welt, New York; S. S. Eckstone, Chicago. **AGENCIES, James G. Ranni, New York; Charles Edwards, New York; John A. Campbell, New York. STATES, N. Y., N. J., Ill.**

North American Life—PERSONAL. G. E. Wells, Newark; Charles Pinkus, Newark; R. M. Feely, Newark. **AGENCIES, Eastern Division, Newark; Illinois Boosters, Peoria, Ill.; Northern Illinois, Chicago. STATES, Ill., N. J., Wis.**

Ohio State Life—PERSONAL. Alfred Guay, Los Angeles; E. M. Sinclair, Canton, O.; James C. McFarland, Cincinnati. **AGENCIES, Michigan; Pittsburgh, Pa.; Akron, O.**

Pacific Mutual—PERSONAL. C. Porter Hochstadter, Cincinnati, \$1,005,125; Richard Earl Denman, Cincinnati, \$801,532; Hilda J. Meade, Cincinnati, \$642,745. **AGENCIES, Jos. M. Gantz, Columbus and Cincinnati, O., \$5,488,216; Pachall-Gist Co., Los Angeles, Cal., \$4,434,477; Virginia Garland-Averett, Lynchburg and Farmville, Va., \$2,673,973. STATES, Calif., \$6,305,076; Ohio, \$3,039,921; Tex., \$2,826,409.**

Southland Life—PERSONAL. W. T. Gwaltney, Fort Worth; Charles E. Seay, Dallas; W. H. Powell, Corpus Christi. **AGENCIES, Dallas, Fort Worth, Houston.**

Sun Life, America—PERSONAL. Stephen Coteleur, Cleveland; William Clegg, Philadelphia; Jacob Charlestone, Philadelphia. **AGENCIES, G. J. Deinlein, manager, Baltimore; H. S. Gaither, manager, Baltimore; W. Treiman, Manager, Philadelphia.**

West Coast—STATES, Cal., \$4,206,056, Philippines \$1,705,000, Tex., \$1,423,902.

"Worthless" Policy Pays \$500 After 25 Years

Through operation of the automatic extended insurance provision in a legal reserve life policy, the Lincoln National Life, through E. E. Besser, Jr., general agent at Chicago, has just paid to Mrs. Edward Korpi, Waukegan, Ill., \$500 on a \$1,000 policy which her husband bought May 18, 1913, and lapsed after paying two annual premiums. The policy was not taken in Lincoln National, but in the Finnish Mutual Life. Lincoln National came into the picture through the fact the Finnish Mutual had failed, was taken over by the Preferred Life of Grand Rapids, Mich., which failed in 1917 and was reinsured by Merchants Life of Des Moines that was reinsured in 1928 by Lincoln National.

Kept "Worthless" Policy 25 Years

For about 25 years the supposedly worthless policy had been retained by the widow, being found in a bread box when an agent of the Besser agency learned from Mrs. Korpi recently there had been insurance on her husband's life and investigated to find out if there were any values left.

Korpi died in 1919, but there proved to have been extended insurance to Aug. 8, 1920. Mrs. Korpi was left penniless and went to live with a daughter at Waukegan, Ill. Two premium receipts showing Korpi had paid premiums for two years were found when the agent consulted with the family at the time a son-in-law died. Mr. Besser recalled that some of the Finnish Mutual Life business was still in the Lincoln National and he wrote to the home office. Lincoln National officials informed Mr. Besser that if proof of death was in order and the facts were as presented the proceeds would be paid.

Old Age Problem Is Increasing

WASHINGTON, D. C.—Victor Sadd, manager of the Washington field office of the Social Security Board, spoke at the luncheon of the Insurance Club of Washington on old age and survivor insurance under the social security act. He was introduced by President Douglas Phillips.

The fundamental reason behind social security legislation is to insure society rather than the individual, according to Mr. Sadd. The old age problem is increasingly more important. A few years ago 3.6 percent of the population was 65 years of age or over. Today the ratio is 6 percent while by 1965 the social security board estimates that it will be 12 percent. Decreased immigration, smaller families and better medical care contributed to the increased longevity.

At the present 47,000,000 social security accounts have been established. There are almost 500,000 Smiths. Only two people have been found who have identical identification records with the same name and birthdays and their mothers having the same maiden names.

The Social Security Board's funds now total more than \$1,250,000,000 which have been placed with the federal treasury and bonds issued against them. The trust fund is administered by three cabinet members and is handled in a fashion similar to the federal deposit insurance fund.

In commenting upon the proposed annuity plan suggested by Senator Wagner, Mr. Sadd said according to his understanding, this plan was being developed to give retirement benefits to employers unable to afford commercial annuities. In the past there has been a great deal of complaint from small business men worried about their own retirement.

President Edward B. Raub, A. L. Porttue, vice-president, and A. H. Kahler, agency manager Indianapolis Life, have completed a tour of the Texas agencies at San Antonio, Houston, Dallas and Fort Worth.

ATTENTION INVESTMENT DEPARTMENTS
Young man, 15 years experience trading and analyzing all classes of bonds, desires connection with investment department of life insurance company. Thoroughly familiar with all phases of investment business. A-1 references. Address L-24, The National Underwriter, 175 W. Jackson Blvd., Chicago, Ill.

Answer War Clause Queries

Canadian Provisions Are Reviewed by
North American Life in Special Bulletin

TORONTO—Questions about the Canadian war clause provisions are answered by the North American Life of Canada, in a special bulletin:

Q. Briefly, what is the effect of the war clause?

A. Except for those in aviation, it has no effect on policyholders remaining in Canada, the United States, Bermuda and the West Indies. Protection is limited on those engaging in travel or active service outside the above countries.

Q. Does this clause mean that a man must pay a lot extra as soon as he enlists, or how does it work?

A. No, he need not pay an extra premium at all. Except for the flying hazard, he is fully protected as long as he is not sent overseas, at which time he can apply to pay an additional amount to keep his full protection.

How Is Extra Premium Paid?

Q. If the regular premium is being paid on other than an annual basis, can the extra be paid in the same way?

A. Yes, the extra payment may be made on the same basis as the regular premium—half-annually, quarterly or monthly.

Q. How are airmen affected?

A. Airmen may secure full protection while in Canada on payment of extra premiums. For those in air service outside Canada, the return of premiums and interest is the only protection available.

Q. Does the war clause affect policies taken some time ago?

A. No, there is no change in insurance taken before Sept. 1, 1939, and continued in force without change.

Travel Restrictions

Q. Are there any civilian travel restrictions?

A. Yes, persons travelling beyond this continent have the choice of paying extra amount, when their travels start, for complete protection. If they do not pay the extra and if their death results from war, then the premiums

they have paid will be returned with interest to the beneficiaries. Travel or residence in certain localities or areas may not be subject to extra premiums, but must be covered in the policy by special permit.

Q. When full coverage is not granted under the war provision, does the death benefit include interest on the premiums paid?

A. Yes, compound interest at 3 percent per year is paid on the net premiums (i.e. premiums less dividends). The total return would of course be increased if there were accumulated dividends or bonus additions, and would be decreased if money had been borrowed on the policy.

Q. If a policyholder who has paid the extra is wounded at the front and invalidated back to Canada, does the policy go back into full force and effect without further extra payments after the assured has been back in Canada for six months?

A. Yes, the extra ceases and full coverage remains.

Reinstatement Provisions

Q. What is the company's practice to be in regard to the war clause and reinstatements?

A. If a policy without a war provision has lapsed and is reinstated within one month of the lapse no war provision will be included. If it has remained lapsed for a greater period than one month a war provision must be added on reinstatement.

Q. What is the effect of the aviation provision?

A. Any applicant who after the war is engaged as a pilot, student pilot, officer, or member of the crew of any species of aircraft is not fully covered, and in the event of death while so engaged only the limited benefit is payable. If an assured is engaged in aviation solely as a passenger, full coverage is granted. It should be carefully noted that full coverage is granted for fare-paying and non fare-paying passengers in airplanes.

these men reach the college stage he can afford then to give much more time and spend much more money on them. That is, he finds by that time, when the high school period is completed, he can tell very definitely whether it will pay for anyone to continue. Through this procedure he is building a permanent body of salesmen that have been very carefully and scientifically schooled.

Evanston Woman Wins Contest

Lydia Sutton Smith, Evanston, Ill., was awarded first prize in the "Life Insurance in Action" contest sponsored by the Chicago Association of Life Underwriters. The winning paper will now be entered in a district contest and will be eligible for one of the 90 national prizes totaling \$4,500.

The first three winners in the local contest will receive certificates of award from the Chicago association, and cash prizes of \$50, \$25 and \$15.

Ewart G. Walls, Jr., service manager

Zimmerman agency Connecticut Mutual Life, Chicago, who was seriously injured in an automobile accident there two weeks ago, is recovering satisfactorily at Highland Park hospital. His eyes were involved in the crash, due to splintering of the windshield, and one eye was removed.

Praise Commissioner Sullivan

OLYMPIA, WASH.—The Thurston county grand jury has given high praise to Commissioner Sullivan on the conduct of his department in a report on several complaints filed against the state insurance department which were found to be without basis.

Too many agents spend so much time sharpening up the intellectual axe by exhaustive study and lengthy theorizing that they permanently lose the energy to trudge out into the woods and chop down trees.



A Symbol of Service
Respected by the Owners
of Great Southern Protection
and Jealously Guarded by
Every Great Southerner
in the Field

**GREAT SOUTHERN
LIFE INSURANCE COMPANY**

E. P. Greenwood
President

Home Office
Houston, Texas

W. N. Stafford Employs Unique Training Methods

W. N. Stafford of Chicago, manager of the Occidental Life of Los Angeles, who has worked up a rather unique system of training agents, is well satisfied with the plan and feels that it is effective. He has three so-called schools or periods through which he puts recruits. The first is the grammar school or interview period, as he terms it. Next is the secondary or high school. The third is the college term. At the beginning an effort is made to select salesmen who give promise of accomplishing something in life insurance. They immediately start to work in the grammar school as well as going out into the field and selling. The school consists of two periods a week. At the end of six months Manager Stafford then can tell who will likely succeed and who will not. There is, therefore, a thinning out of the ranks and dropping of those that obviously will not be able to make the grade.

Then the secondary step is taken with a more comprehensive schooling in life insurance knowledge and the psychology of selling. The first period is taken up largely in telling how to get interviews from prospects. At the end of the high school period there is another elimination of the obviously unfit. Therefore when the class gets to the college stage Mr. Stafford has found that they are very likely to be permanent and successful. They have had a year's training and by that time he is able to mea-

sure up their capacity. The college instruction requires a year.

A great deal of time is given to the general principles of salesmanship and their application to selling life insurance. Mr. Stafford relies much on studying motivation, that is, what moves a person to buy insurance. In order that the class may have object lessons he keeps his eye open for a funeral that seems to him to teach a lesson to life insurance men. That is, he finds a man who was in good physical condition, was financially able to buy insurance, but did not carry much of a line. He dies prematurely and leaves his family without much of an estate. Therefore, the class is taken to this funeral so they can see the family, relatives, the friends, the home, neighborhood, surroundings, the church the family attended, etc. They follow the family to the graveyard. Then they are taken to another part of the city where the family will probably have to live owing to their reduced circumstances. Later on the class is taken to orphanages, detention homes, the juvenile court, industrial schools for delinquents, the infirmary, old people's homes, etc. All these are object lessons, visits being made to impress the agents so that they can gather material to use in their canvass. After each visit the class discusses the experiences and then the instructor shows them how to use this material. In some cases it would be disastrous to "lead the hearse up to the door." In others these emotional reactions can be employed very effectively.

It is Mr. Stafford's belief that when

EDITORIAL COMMENT

Gentle But Irresistible Pressure

"Why didn't your company invest in FHA mortgages?"

That question, asked as part of the standard pattern of examination of witnesses in the series of insurance hearings in Washington ending this week, arouses interesting speculations among those who have wondered where the Temporary National Economic Committee's insurance study will ultimately lead, entirely irrespective of its announced objectives. It was clear that witnesses whose companies did not invest in these securities were supposed to have a good answer for their attitude. It was noticeable that no such bullet-proof type of reply was expected from companies which do invest in FHA mortgages. The burden of proof was definitely placed on those who had failed to espouse the FHA opportunity.

Perhaps this manifestation, slight as it is, may affect the views of some who have felt that fears of government control eventually forcing life company assets into government pump-priming projects were far-fetched. Unfortunately, it is difficult to call attention to this

without appearing to take an ungracious attitude toward the FHA, which has done a fine and much needed piece of work during a serious emergency period. Without reflecting in the slightest on the FHA or its mortgages, which would not have been purchased in such large amounts by life companies if they had not been considered entirely sound, it is still pertinent to point out how easy it would be for the Securities & Exchange Commission, if given supervision over life companies under a federal control program, to lend its gentle but irresistible pressure to force life insurance assets into whatever projects the then current administration might be pushing.

It would not be surprising if representatives of the non-FHA investing companies felt a little as they might if questioned by a policeman from whom they had recently refused to buy a ticket to the police benefit ball. What would these witnesses' feelings have been if the SEC had the power, not merely to "study" life company operations but to wield a firm guiding hand?

Fertile Decade for Slogan Makers

SLOGAN makers are conjuring with the possibilities of 1940 and the decade in most energetic fashion. Some of their compositions that have come to our notice are:

"A Fortune in the Forties."

"Fortify Your Business in '40."

"We're 20 in '40 and Going Like 60."
"Forge Ahead in '40."

Now if only the business indices will follow the confident assertions of the slogan designers the forties will indeed prove to be most formidable and fortunate.

Restrict Presidential Speaking Tours

THE traveling presidents who have headed the National Association of Life Underwriters in recent years have done a great job in bringing the national closer to the local bodies. Although visiting the majority of states has heavily taxed the time and energy of these presidents, they have gladly made the sacrifice for the good of the cause.

But times have changed since O. Sam Cummings set the traveling pace which Holgar J. Johnson and Charles J. Zimmerman have kept up. Two years ago the TNEC, SEC and the Wagner annuity threats were not demanding attention. Now the pressure of these grave problems demands serious, time-taking consideration. There have been several new developments in Washington since Mr. Zimmerman's traveling schedule was made up so that he is now

forced to sandwich in Washington conferences between his speaking engagements. With his unusual amount of poise and energy Mr. Zimmerman is now handling the situation remarkably well.

In coming administrations, however, it would be well for the National association executives to weigh the pros and cons of the intensive presidential traveling program, especially if the present threats against the business have not been alleviated. As observers are aware, the Washington situation has needed constant attention as there has been so much saying one thing and doing another. The National association has been fortunate to have presidents who are able, astute minded and make good impressions on the general public. Would it not be better to permit these

leaders in the future to spend more of their time in formulating National association policies and progressive programs for the business? These problems require intelligent and contemplative thought and the association president should have time to consult with other leaders and examine solutions and proposals.

This can only be done if the business as a whole aids the coming national presidents by not demanding so much of their time for addressing meetings. It is only natural to seek the national president as a program headliner but that

load of representing the National association on the platform can be distributed more equitably between the national trustees and other association officers.

The time which these national presidents give so freely should be used to the best advantage and although the local associations enjoy being hosts to them and to hear them talk, the presidents in the future should be permitted more freedom in exercising their executive duties rather than being required to constantly demonstrate their oratorical talent.

Suggestion for the TNEC

THERE are so many incidents and illustrations of the beneficent results of life insurance that reveal the fact that often the life insurance estate is the only substantial fund that a person left. We all remember the well known columnist, O. O. McIntyre, who wrote "New York Day by Day." His net estate

amounted to \$72,456, almost entirely in life insurance. Now comes another columnist, Heywood Brown of New York City, whose estate in personal property was not over \$5,000 but left insurance in excess of \$40,000 to his wife and son. Features of this kind might be of exceeding interest to the TNEC.

PERSONAL SIDE OF THE BUSINESS

Charles Buresh, Jr., and Mrs. Buresh announce the arrival at the Evanston, Ill., Hospital of a son, Charles Jeffrey Buresh. The paternal grandfather is Charles Buresh, Sr., and the maternal grandfather is Elmer J. Schafer, both of whom are important factors in Fred S. James & Co., Chicago.

Charles Buresh, Jr., is a leading producer in the Fred S. James organization.

John J. Kraniak, superintendent Milwaukee, No. 3, for Prudential, has been chosen chairman of the Milwaukee district for the Archbishop's Catholic Charities Appeal. This is his sixth year in an executive capacity in connection with the Charities Appeal.

H. K. Lindsley, president of the Farmers & Bankers Life, is a grandfather, a son having arrived in the household of his youngest son, Herbert P., who is also connected with the home office of Farmers & Bankers.

President J. P. Fordyce of the Manhattan Life has been elected a trustee of the Manhattan Savings Institution of New York City, which was founded in 1850 at the same time as the Manhattan Life.

President C. E. Becker of the Franklin Life and Mrs. Becker have gone on a vacation to Havana and will be absent from Springfield, Ill., for two and a half weeks.

Louis F. Paret of Camden, N. J., general agent in Camden and Philadelphia of the Provident Mutual Life, is now a grandfather. His daughter, Mrs. E. D. Ashcraft, is the mother of a baby girl.

Ben Bloch, veteran Equitable Life of Iowa producer in the Peoria, Ill., agency and a charter member of the company's application a week club passed his 1,050th consecutive week last month. He actually started his app-a-week record before the club was started

in 1918, having turned in an application a week for 125 weeks prior to that time. He has recorded some unusual feats, including four cases each week for 77 weeks and 16 cases in one week.

A son was born on Washington's birthday to Mr. and Mrs. John L. Kelly in St. John's Hospital, St. Louis. Mr. Kelly is general agent there of the Ohio State Life.

D. Bobb Slattery's associates in the agency department of the Penn Mutual Life in Philadelphia held a farewell luncheon in his honor on the eve of his going to Montpelier to join the National Life of Vermont. President John A. Stevenson joined them and spoke at the luncheon, as did Vice-presidents A. E. Patterson and Wallis Boileau, Jr., and J. H. Reese, co-manager of the Philadelphia agency. Twenty were present and they presented Mr. Slattery a gold watch.

E. C. Schmeling, assistant auditor Lincoln National Life, and Miss Helen I. Jackson of Huntington, Ind., were married at Huntington.

T. F. Neelon, Waltham, Mass., manager Metropolitan Life, was given a testimonial dinner on his 35th anniversary by associates and Boston managers. Neelon has been in Waltham since 1921. He has served as president of the Waltham Chamber of Commerce, the Waltham Kiwanis Club, Boy Scouts Council and the Waltham Life Underwriters Association.

H. L. Babcock, secretary Citizens Limited Life of Lincoln, has filed as a candidate for the Republican nomination for railway commissioner of Nebraska.

In recognition of 25 years of service with the Lincoln National Life, George P. Spitz, district agent of Griffith, Ind., was presented a diamond service ring by A. L. Dern, vice-president and direc-

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LIFE INSURANCE EDITION
PUBLISHED EVERY FRIDAY

tor of agencies at a dinner meeting in Hammond. More than 40 agents and their wives attended. V. J. Harrold, Fort Wayne general agent, presided.

Perry Uncapher, Bankers Life of Iowa agent at Knox, Ind., believes in getting prospects insured regardless of age. In fact he was so fast he got a new young resident of Knox before he even had a name. Mr. Uncapher had to wait until a hurriedly-called family conference chose a name for the 10-hour-old boy before he could complete the application for an endowment at 18.

C. F. Axelson, special agent Northwestern Mutual Life in Chicago, this week completed 30 years' service with that company. He was congratulated by Grant L. Hill, director of agencies, who pointed out not only the large amount of insurance he has placed in force in that period but his long service in the Illinois and National Associations of Life Underwriters affairs. Mr. Axelson is past president Illinois association. Mr. Hill sent a 30 year service pin.

"Life Insurance in Action" was discussed by **Milton Sherman**, Buffalo manager of the Connecticut Mutual, before a meeting of the Zonta Club of Kenmore. Tracing the history of life insurance, he stressed its practical application for providing retirement for business women. "In making this type of investment you need have no fear for the safety of principal," Mr. Sherman said.

DEATHS

E. A. Conway, 57, secretary of state of Louisiana, who was ex-officio insurance commissioner and a member of the Louisiana Casualty & Surety Rating Commission, died in Baton Rouge. Burial was in Shreveport. He was in the concluding year of a second four-year term in office and was re-nominated in the Democratic primary for a third term. E. A. Conway, Jr., has been appointed to fill out his father's unexpired term, ending in May.

H. H. Motter, 69, for five years secretary-treasurer of the Pioneer National Life of Topeka, died there from pneumonia. He was for 14 years collector of internal revenue under Presidents Harding, Coolidge and Hoover.

Dr. F. S. Weisse, 64, medical director of Mutual Life from 1911 until his retirement two years ago, died from a heart attack at Winter Park, Fla., Feb. 25. He became associated with the company as an examiner in 1904, and seven years later was made medical director. He had served as president of the Association of Life Insurance Medical Directors of America.

Jeff J. Raley, 52, Arkansas general agent Central States Life, died at Little Rock following a brief illness. Mr. Raley, a native of Kentucky, was appointed general agent soon after the Central States Life completed an agreement to reinsure business of the former Home Life of Arkansas.

S. T. Jackson, 79, for 43 years head of the real estate department of the Union Mutual Life of Portland, Me., until he retired three years ago, died there.

J. N. Weaver, special agent Bankers Life of Nebraska in the Lincoln agency of O. R. Frey, dropped dead in the company's offices.

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Life Insurance Co.

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175 W. Jackson Blvd., Chicago

COMPANIES

Union Mutual Names New Agency Chiefs

The Union Mutual Life of Portland, Me., has appointed Glen Stearns superintendent of agencies and Lyman Baldwin assistant superintendent of agencies.

Mr. Stearns was a school teacher in New Hampshire after graduating from



Glen Stearns



Lyman Baldwin

the University of New Hampshire. He began writing life insurance with the Aetna Life and later was with the Equitable Society. His success in the field led him to give up teaching and devote his entire time to life insurance. For the past four years he has been a supervisor of agencies for the Union Mutual, first in western territory and more recently in New England territory. He is 36 years old.

Mr. Baldwin began his life insurance career with the Reliance Life in Denver. For a time he was manager of the Union Mutual office in Rochester, N. Y., and left there to become an agency supervisor. He is 30 years old.

State Mutual Makes Five Changes

The State Mutual Life announces five changes in its list of officers. The title of R. H. Denny, new director of agencies, appeared in the official list. He joined the home office agency department Nov. 1. Until then he had served as a New York City general agent.

Donald G. Mix, who has been head of the conservation department, will be manager of conservation. Mr. Mix, who, in addition to his C.L.U. degree also holds a certificate in agency management, went with State Mutual in 1923, and since 1926 has been identified with conservation work. In 1933 he became assistant superintendent of agencies, two years later relinquishing that title to get actual sales experience in Boston. On his return Mr. Mix resumed direction of conservation work. He is vice-chairman of the committee on persistent business appointed by the Association of Life Agency Officers.

A. W. Johnson, who was purchasing agent for nine years, becomes assistant secretary. In addition to his purchasing work Mr. Johnson will be chairman of the building committee. He is one of the founders and new president of the Association of Insurance Company Buyers.

G. W. Mackintire, who has been chairman of the finance committee since 1934, is named treasurer emeritus. He became treasurer Feb. 1, 1899, retaining that position until 1933, when he was made vice-chairman of the finance committee. A year later he was given the title of chairman.

C. R. Fitzgerald, who has been actuary since 1905, after nearly 35 years of service becomes actuary emeritus.

Contemplates Conversion

Although the management of Home Security Life of Rockford, Ill., contemplates forming a legal reserve life company to reinsure Home Security, which is an assessment organization, up to the

The UNION CENTRAL BULLETIN BOARD

AGAIN IN 1940 U.C. SUPPORTS ITS SALESMEN WITH POWERFUL NATIONAL ADVERTISING!

Young father, earning \$50 a week, sees his family's future safe

TODAY
HE GETS PAY CHECKS
MEET THE MONTHLY BILLS. And he is setting aside about \$1 a day to guarantee his family's happiness in the years to come.

IF HE DIES
HIS FAMILY WILL GET \$100 EVERY MONTH FOR 20 YEARS—a guaranteed income to pay irreplaceable expenses until his children are grown.

AFTER THAT, HIS WIFE WILL GET \$10,000 CASH... or a monthly income for her independence all the years she lives.

A SINGLE UNIT OF THE MULTIPLE PROTECTION PLAN produces this large return from a small investment because it is a lump sum that is monthly checks to the family the years when the children are growing up.

The Multiple Protection Plan is adaptable to \$5, \$10, or up to \$1,000 a month, depending on your needs. It is easy to get complete information on this new plan from The Union Central Life Insurance Company.

THE UNION CENTRAL LIFE
A \$200,000,000 INSTITUTION

ONLY 1 LIFE INSURANCE COMPANY IN 20 GIVES ITS SALESMEN THIS HELP

Year after year Union Central has smoothed the way for its sales force with powerful national advertising.

In 1940 a good part of this advertising will work on the millions of readers of LIFE magazine—ads that telegraph a specific story as these do.

Weekly salary \$50, he welcomed this plan to make his family's future safe

TODAY
HE GETS PAY CHECKS
MEET THE MONTHLY BILLS. And he is setting aside about \$1 a day to guarantee his family's happiness in the years to come.

IF HE DIES
HIS FAMILY WILL GET \$100 EVERY MONTH FOR 20 YEARS—a guaranteed income to pay irreplaceable expenses until his children are grown.

AFTER THAT, HIS WIFE WILL GET \$10,000 CASH... or a monthly income for her independence all the years she lives.

A SINGLE UNIT OF THE MULTIPLE PROTECTION PLAN produces this large return from a small investment because it is a lump sum that is monthly checks to the family the years when the children are growing up.

The Multiple Protection Plan is adaptable to your family—paying \$5, \$10, or up to \$1,000 a month, depending on your needs and your budget. It is easy to get complete information on this new plan without obligation. Write to The Union Central Life Insurance Company, Dept. B-11, Cincinnati, Ohio.

THE UNION CENTRAL LIFE INSURANCE CO.
A \$200,000,000 INSTITUTION... FOUNDED IN 1867

present the articles of incorporation for the new company have not been filed with the Illinois department.

Ministers L. & C. Statement

Ministers Life & Casualty Union of Minneapolis had \$2,592,043 admitted assets at the end of 1939, or \$1.248 per \$1 of obligations outstanding, and legal reserve \$1,702,383, the annual statement shows. Mortality in the life department was 43.9 percent of expected under the N. F. C. and American Men tables and 4.608 percent interest was earned on all invested assets. Total obligations were set at \$2,077,034. Premiums totaled

\$745,525, interest \$103,066 and total income \$982,418. Disbursements aggregated \$656,958. The Union held \$1,674,117 bonds, \$223,648 stocks, \$94,458 cash, \$220,283 mortgages and real estate, \$348,889 policy loans and notes. Surplus was set at \$515,009. Rev. A. D. Harmon of Cable, Wis., is president, and Mell W. Hobart, Minneapolis, secretary.

American Bankers Reinsurance

In connection with the reinsurance of American Bankers of Jacksonville, Ill., by Rockford Life, liens on industrial insurance written by American Bankers will be waived but will be deducted

under ordinary death claims. The lien may be increased or decreased. There is a five-year moratorium on cash and policy loans. The lien is 75 percent on the reserve and there is an interest charge of 4½ percent annually.

Lockwood Maritime Life Manager

Bernard Lockwood has been appointed general manager of the Maritime Life of Halifax. He has been in the insurance business almost 30 years in Scotland and Canada. He went to Canada from Edinburgh where he had been with the North British & Mercantile and went with the Maritime Life in 1923 as actuary. A year later he was made secretary-treasurer and actuary. Since 1925 he has been chief official of the company.

Tracy Assistant to Treasurer

Robert M. Tracy has been appointed assistant to the treasurer of National Life of Vermont. He is a certified public accountant and for the past 10 years has been connected with Lybrand, Ross Bros., & Montgomery of New York City. He graduated from the University of Vermont in 1930.

R. E. Bowden Gets New Duties

R. E. Bowden, supervisor of agencies of General American Life, has been appointed assistant to Vice-president Emil E. Brill, who is in charge of the group department. This work will be in addition to his present responsibilities in the ordinary department. Mr. Bowden has been with General American about two years.

SALES MEETS

Taylor at Des Moines Rally

Seth C. H. Taylor, superintendent of agencies western division Sun Life of Canada, addressed a meeting of the Iowa and Nebraska agency in Des Moines. Fremont South, agency manager, presided.

Provident to Meet in New York

CHATTANOOGA—The life department of the Provident Life & Accident has selected New York City for its annual gathering of the Century and Provident clubs Aug. 27-29.

Penn Mutual General Agents Meet

General agents of the Penn Mutual Life from Cleveland, Cincinnati, Detroit, Huntington, W. Va., Louisville, Pitts-

burgh, Toledo and Columbus held a conference in Columbus, O., this week. R. P. Gygli, Columbus general agent, was the host. A. E. Patterson, vice-president in charge of agencies, and W. J. Boileau, Jr., second vice-president, attended.

Previous meetings were held in New York, Chicago, St. Louis, San Francisco, Los Angeles and Atlanta.

Prudential's Convention

The Prudential has set April 15-17 for its big agency convention, to be held at the head office and in New York this year.

AGENCY NEWS

Rice Agency of Harrisburg Awarded "Victory Dinner"

The "victory dinner" awarded by the Equitable Life of Iowa to the Rice agency at Harrisburg, Pa., was attended by home office representatives and other officials.

The Rice agency won the dinner through topping the company's agencies in paid business production last year, the fifth time it has won the honor in the past seven years.

Attending the dinner were Roy Fuller, superintendent of agencies; Miss Ada Popple, assistant treasurer, and Lester E. Mills, manager of agency finance. Among the guests were Mayor Dr. H. E. Milliken and P. B. Rice's two brothers, J. E. Rice of the Washington agency and S. L. Rice of the Albany agency. R. G. Lauer of the Williamsport general agency also attended.

Nickolis Leads Pacific Mutual

DETROIT—R. D. Nickolis, E. Walter Albachten general agency Pacific Mutual Life, led the company in January in paid life insurance, and placed second in combination premiums paid. The Albachten agency stood third in the country in January in combination premiums paid and fourth in life. During 1939 the agency's production was 118.8 percent of its 1938 figure. Offices have recently been moved from 1232 to 1615-19 National Bank building.

Adams Agency No. 2 in Jan.

The northeast Texas agency of Reliance Life of Pittsburgh under the supervision of V. J. Adams, manager, led the United States, with the exception of the home office agency, on paid business for January, paying for \$596,207. J. M. England was the leading producer, paying for \$262,665. Mr. Adams was transferred to this department in September of 1939 from San Francisco, where he was in charge of the western division as superintendent of agencies.

Kaul Has Splendid First Year

The Paul C. Kaul agency of Connecticut Mutual Life at Omaha has shown much progress since Mr. Kaul became general agent Feb. 16, 1939. He is just ending his first contract year with 12 plus months and a comparative rate of production over the corresponding period of 1938-1939 of 2.31 percent.

Vancouver Agency Wins Trophy

C. J. Keller, manager of the Vancouver branch of the North American Life, of Canada, has received the Nalaco trophy presented by his company. It was the eighth time the Vancouver branch had won the trophy since it was first put up for competition in 1912.

The Alexander F. Gillis agency of the Provident Mutual Life, Newark, has started a public speaking class under the direction of E. F. Schofield.

EXTRACTS FROM FINANCIAL STATEMENT

December 31, 1939

PAN-AMERICAN LIFE INSURANCE COMPANY

INSURANCE IN FORCE...over \$170,000,000.00

TOTAL ADMITTED ASSETS over 39,400,000.00

PAID POLICYHOLDERS AND BENEFICIARIES IN 1939 over 3,200,000.00

TOTAL SO PAID SINCE ORGANIZATIONover 59,400,000.00

The Pan-American has \$1.06 of resources for each \$1.00 of its liabilities, affording an unusual margin of safety for its policyholders.

For Agency Information address:

Frank T. Limont, Superintendent of Agents

PAN-AMERICAN LIFE INSURANCE COMPANY

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President

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CENTRAL LIFE
ASSURANCE SOCIETY
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Home Office
DES MOINES

LIFE AGENCY CHANGES

Fred Zweifel & Sons Named by Central, Iowa, in Toledo

The Central Life of Iowa has appointed Fred Zweifel & Sons as general agents in charge of the Toledo, O., territory. Mr. Zweifel and his two sons, Wesley, 26, and Aubrey, 29, have already taken charge of the agency, which is a new unit in the Central Life setup.

Fred Zweifel started with the Central Life in Beloit, Wis., and was one of its top producers for years. He later joined the Equitable Life of Iowa in Toledo, and now returns to the Central Life after an absence of nearly 10 years, with his two sons, who have had a brief experience in the insurance field.

He has taken an active part in the Ohio State Life Underwriters Association, serving as president in 1936-7.

Blosser & Hill Promotes Two

Promotion of Harry J. Drees and Richard T. Hughes to assistant general agents of the Aetna Life has been announced by John A. Hill, Blosser & Hill, Toledo, O., general agents. Mr. Hughes will supervise the production of agents in the Toledo metropolitan area, and Mr. Drees will be in charge of production in the 17 other counties under the office jurisdiction.

Arizona Manager Named

Eugene Hickman has been appointed Arizona state manager of the Pacific National Life. He took a general agency with the company in 1928. He has his headquarters at Phoenix.

Named at Wichita



C. K. DEAN

C. K. Dean, newly appointed general agent of the Bankers Life of Nebraska at Wichita, entered the business in 1921 in Oklahoma City as an agent for the Central Life of Iowa. Later he joined the American National Life and then went to the Penn Mutual. The greatest portion of his time has been spent in Kansas and he made his headquarters largely in Wichita. He served one time as president of the Wichita Life Managers Club. His territory for the Bankers Life embraces Wichita and several southern counties.

Pave the Way—An accident policy sale is the easiest way to get acquainted with your prospect and pave the way for other lines. For suggestions that sell read *The Accident & Health Review*, A-1946 Insurance Exchange, Chicago. Sample 10c.

California-Western States Names Cantrell for Texas

Balie T. Cantrell has been appointed Texas supervisor by the California-Western States Life. Mr. Cantrell has served as supervisor for southern Texas since Sept. 1. In his new duties, he will supervise an aggressive expansion throughout the state that includes plans to establish agencies at Austin, Waco, and Abilene. His headquarters will be in Houston.

Lewis Moses to Retire

Lewis G. Moses, since 1921 Arkansas general agent of the Equitable Society, has been placed on the inactive list and Arkansas has been added to the area served by the Kansas City general agency. The Kansas City agency will assign a district manager to Arkansas. J. B. Urton, Arkansas agency cashier at Little Rock, will remain on duty at the offices in the Boyle building.

Mr. Moses joined the society in 1897 as clerk in the general agency in Nashville. Three years later he was advanced to cashier. He served 12 years as assistant agency manager before assignment to Little Rock in 1921. He will continue to make his home in Little Rock.

L. O. Nashem to Head Office

Leland O. Nashem, who has been manager for Acacia Mutual at Seattle, is promoted to be a member of the field department at the head office. He has had an outstanding record in Seattle in building business.

Paul Greathouse, formerly assistant manager at Seattle, becomes manager there and Frank M. Ginn, who has represented Acacia Mutual in Seattle for four years as a producer, becomes assistant manager.

C. R. McAllister is made manager of the Memphis office of Acacia Mutual. He has had 10 years' experience in life insurance, having previously been agent, field assistant, and assistant agency manager for Equitable Society, and, more recently, associate general agent of Northwestern National Life. Mr. McAllister is a native of Tennessee. He spent most of his insurance career in Mississippi. In his new connection he will develop both Tennessee and Mississippi territories.

Northwestern Mutual Omitted

In listing the 26 companies that were treated in the famous SEC investment report in the edition of Feb. 16, THE NATIONAL UNDERWRITER inadvertently omitted the name of Northwestern Mutual Life.

Jeffernan General Agent

H. J. Jeffernan, formerly district agent of the Manhattan Life in Chicago,

Hays & Bradstreet Name H. P. Morgan Assistant

Hays & Bradstreet, one of New England Mutual Life general agencies in Los Angeles, has appointed Harold P. Morgan assistant general agent.

Entering life insurance in 1916, Mr. Morgan became associated with the New England Mutual in 1935, when he took charge of Hays & Bradstreet's brokerage department. He will continue active management of the brokerage department in addition to his new duties.



H. P. Morgan

has been appointed general agent. He became associated with the company as district agent, Aug. 1, 1939. S. S. Eckstone is also a general agent of the company in Chicago.

Day Names Supervisors

J. O. Cummins will supervise Louisa and Washington counties, Ia., and George Goetz will be in charge of Lee and Des Moines counties under Newell C. Day, Davenport general agent of Equitable Life of Iowa.

E. S. Bringloe has been named assistant manager of the Bay street branch of

the Mutual Life of Canada in Toronto. He has served as manager for Newfoundland and Nova Scotia.

Covers Three States

E. E. Harrelson has been appointed state director of the State Farm companies of Bloomington, Ill., for Arizona, New Mexico and Nevada, succeeding Sam G. Denner, who has been transferred to the Berkeley office as assistant state director. Mr. Harrelson has been serving as special agent at Columbus, Mo.

John W. MacDowell has been appointed general agent for the life de-

MODERN LIFE INSURANCE COMPANY WINONA, MINNESOTA

Financial Statement December 31, 1939

RESOURCES		LIABILITIES
Bonds	%	
Government	0.93	\$ 21,700.00
State, County & Municipal	12.18	283,109.70
Public Utility	12.29	285,447.37
Railroad and Industrial	5.94	137,928.85
Total Bonds	31.34	\$728,185.92
Stocks	0.18	4,285.65
First Mortgage Real Estate Loans		
City Property	12.92	\$300,300.56
City Property (FHA insured)	22.33	518,803.07
Farm Property	1.17	27,239.78
Total Mortgages	36.42	\$846,343.41
Real Estate Owned	4.70	109,156.48
Real Estate Sold on Contract	1.76	40,831.88
Collateral Loans	0.26	6,000.00
Policy Loans and Notes	15.48	359,739.49
Cash	6.48	150,668.28
Interest on Investments Due and Accrued	0.82	18,994.82
Net Due and Deferred Premiums and Other Assets	2.56	59,590.60
Total	100.00	\$2,323,796.53

ASSETS

December 31, 1924	\$ 493,033.91
December 31, 1929	1,220,630.98
December 31, 1934	1,852,116.01
December 31, 1939	2,323,796.53

PAYMENTS

Payments to Policyholders in 1939	\$ 225,657.32
PAYMENTS TO POLICYHOLDERS SINCE ORGANIZATION	2,646,641.28



JUST PLAIN BUSINESS LOGIC

When an Occidental Life salesman offers a policy that's "DIFFERENT" . . . it's logical to anticipate sales. *Perfect Protection*, an exclusive feature of Occidental policies, gives the assured an income for disability from the first day, IRRESPECTIVE OF CAUSE.

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• LAURENCE F. LEE PRESIDENT •
RALEIGH N. CAROLINA

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Sales—Loans—Appraisals
Property Surveys
Chicago

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Charles E. Dick
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LOANS
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partment of the Provident Life & Accident at Gaffney, S. C.

Mr. MacDowell has more than 20 years' experience in life insurance.

Ed Chase has been appointed unit supervisor of the Sun Life of Canada in Des Moines. He has been with the Des Moines office several years.

W. L. Tumlinson has been appointed San Antonio, Tex., general agent for the Occidental Life of Raleigh, N. C.

Gene Waddle, for several years manager at Portland, Ore., for the Occidental Life of Los Angeles, has resigned. He has purchased a restaurant in the American Bank building.

McReynolds & Dreier, Evansville, Ind., has appointed J. D. Edmundson head of its life department, which represents the Travelers.

MANAGERS

Mersfelder Discusses Contests

A record attendance marked the February meeting of the Oklahoma General Agents & Managers Club at Oklahoma City. L. C. Mersfelder, state manager Kansas City Life, spoke on contests and other means of stimulating interest of agents.

Award Production Cups in Portland

PORTLAND, ORE.—W. J. Sheehy, Oregon Mutual Life, and W. J. Harger, Atlas Life, were awarded production cups at the annual leaders' banquet sponsored by the Life Managers Association of Oregon. Mr. Sheehy won the W. C. Schuppell cup for the largest volume of life insurance, amounting to \$301,700 on 59 lives, while Mr. Harger won the "lives" cup for 188 lives insured for \$189,100. This is the third time Mr. Sheehy has won the volume cup, while Mr. Harger has won the lives cup four times.

Memphis Cashiers Organize

The Memphis Cashiers Association has been formed with W. H. Bonney, Aetna Life, as president; J. L. French, Reliance Life, vice-president; and Miss

Thelma Gardner, Union Central Life, secretary-treasurer.

A Cashiers Club of Wichita was organized at a meeting sponsored by the Wichita Life Underwriters Association.

The annual dinner party of the Omaha Cashiers Association was held. Virginia Hansen, John Hancock Mutual, was in charge of arrangements.

New "7-11" Bankers Life Club

Supplementing the consecutive weekly production club that has been in existence for 12 years, Agency Director Heyl of the Bankers Life of Nebraska has inaugurated the "7-11" organization, and secured 47 members the first month. It is expected to add to the effectiveness of consecutive selling by increasing the volume of sales, and membership is divided as between seniors and juniors. Those who pay for more than \$11,000 belong to the former and those who sell between \$7,000 and \$11,000 the latter.

J. W. Kirksey of the group department has been elected chairman of the Provident Life & Accident's employe activities committee.

RECORDS

Wisconsin National—As a result of the testimonial campaign in both the life and accident and health departments for Vice-president Arthur James, the company is well ahead in production the first two months of this year as compared with the same period last year. The testimonial ran from Jan. 15 to Feb. 15. A greater number of agents produced during that period than for many months.

Equitable Life of Iowa—Total paid business secured by the field force in January totaled \$3,201,479. Pennsylvania led all states, with Iowa second and Ohio third. Leading all agents in personal paid production was Alex Van Zanten, Holland, Mich., representing the Grand Rapids agency. J. G. Belknap of Columbus was second and J. N. Wilson of Vinton, Ia., third. The general agency of A. D. Wallis and M. R. Wallis of Philadelphia topped the agencies in production with the Rice agency second and Chicago third.

Provident Life & Accident—Paid business increased 30.34 percent in January.

Terminations, including lapses, reductions, surrenders and such, decreased 15.22 percent.

Bragg Speaks in Los Angeles

LOS ANGELES—James E. Bragg, New York manager Guardian Life of New York, spoke to the Forum of the Life Underwriters Association of Los Angeles and to the Los Angeles C.L.U. chapter.

In discussing "Inflation" before the C.L.U.'s he said there is no "hedge against inflation save your ballot. Stable currency only is the result of stable government, and the ballot is the best method to control inflation."

Frank F. Weidenborner, vice-president and superintendent of agencies of the Guardian Life, also spoke, touching on the fact the companies now are organizing themselves so that they may have a fair hearing in Washington.

Win Reliance Life Cup

PITTSBURGH — The home office division, led by N. H. Weidner, manager western Pennsylvania department, won the Reliance Life's divisional cup contest. The eastern division was second and the southern division third.

Title Insurance Companies

• The title insurance firms whose cards are shown on this page have been selected after careful investigation. They have the recommendation and endorsement of The National Underwriter.

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NEWS OF LIFE ASSOCIATIONS

Indianapolis Goes "Forward in '40"

INDIANAPOLIS — Approximately 350 registered for the "Forward in '40" sales congress sponsored by the Indianapolis Association of Life Underwriters and the Indiana state association. J. R. Townsend, Sr., presided at both sessions.

Vincent B. Coffin, vice-president and superintendent of agencies Connecticut Mutual Life, and Ralph G. Engelsman, New York City general agent Penn Mutual, opened the morning session with a dialogue on "In Tune with the Times."

"The public is now demanding thorough knowledge and efficient service from the men and women who sell life insurance," Mr. Coffin said. "There is a widespread movement which demands and also provides professional training for life underwriters." The social security act is one manifestation of a new social philosophy that is developing. "Successful life underwriters are in tune with this philosophy," he said. "They constantly search for new ways in which life insurance may complement and supplement the positive elements in this trend of thought and action and to provide benefits to ambitious and forward looking individuals who are not content with the minimums of security which are provided by government programs."

Tremendous Field Opened

"A tremendous field is opened up for life insurance in the social security program," Mr. Engelsman declared. "Salary savings plans, pension plans and the extension of individual life insurance programs are all efforts of employers and individuals to provide security on the basis of individual initiative."

There has been a great expansion in the market of life insurance for women. "Married women as well as business and professional women are realizing the importance of a backlog of savings with protection for their dependents and they are turning more and more to life insurance as the safest investment."

Mr. Engelsman suggested that more thought be given to son and father insurance and daughter and mother policies, having in mind covering future responsibility of sons and daughters to their parents in the declining years.

More Than Making Living

Mr. Coffin closed with an appeal for a greater appreciation for the business of selling life insurance. It is more than making a living, he said, and its best pay is in the satisfaction of seeing what good has been done by contracts sold.

Irvin Bendiner, New York Life, Philadelphia, closed the morning with "You Have to Have an Agent on the Program." He recommended that the business of selling life insurance be stripped of unnecessary theories and programs, that agents do simple and direct thinking. "If you think simply, you can solve your problems," he declared.

Social security, he said, is a prestige builder for life insurance. The plan launched by the government does not contemplate the individual but provides a mass program that applies to all alike. "The social security act is not intended to replace your insurance programs. It does not meet the individual problems of the worker. That will have to be the work of the agent."

Opposed to Federalization

C. J. Zimmerman, Chicago, president National Association of Life Underwriters, declared that the life insurance forces of the country are opposed to the invasion of the life insurance business by the federal government. "We feel that there has already been too much cen-

tralization of authority in Washington, with a weakening of state rights," he said. "This is in itself directly contrary to our concept of democracy. "Policyholders feel that their best interests have been protected during a perilous period and that life insurance has prospered under state supervision. It has developed a high sense of trusteeship and has an unparalleled depression record."

Carroll C. Day, general agent Pacific Mutual Life at Oklahoma City, spoke on "Philosophy of Living."

General Agents Have Breakfast

At a breakfast meeting, the five speakers were guests of the Indianapolis General Agents & Managers Association. News of the sudden death of Commissioner Newbauer was received and a resolution of condolence was drafted to be sent to the family.

Mr. Zimmerman was honor guest of the Indiana association at a dinner, the evening before the congress. The dinner was preceded by the annual joint meeting of the officers and directors of the member associations. Homer L. Rogers, Equitable Society, president state association, presided. The effect on public attitude toward the insurance business by the Washington investigation was discussed and also further perfection of the processes of agency selection.

Mr. Rogers announced a summer school will be held in July at Purdue University for rural agents. Last year's school was such a success that he recommended reservations be sent in early as accommodations must be restricted to about 200.

Joint New England Parley Scheduled

BOSTON — "Preserving Financial Security" will be the theme of the joint New England conference sponsored by the Boston Life Underwriters Association and the Boston Life Insurance & Trust Council here March 14. The parley will take the place of the annual all-day conference of the trust council and the annual New England sales congress.

J. S. Braunig, general agent Massachusetts Mutual Life, and Basil S. Collins, assistant vice-president, Old Colony Trust Company, are joint chairmen.

The morning program will be opened at 9:15 with Dewey R. Mason, Syracuse general agent Aetna Life, speaking on "Let's Decide," and Roger B. Hull, managing director National Association of Life Underwriters, on "Preserving Individual Reserves." G. P. Smith, New York Life, president Boston Association, will preside.

At the luncheon President W. R. Herlihy of the trust council will preside. The speaker will be named later.

Four Speakers at Clinics

The afternoon session will open with clinics. Chairman F. A. Lynch, State Street Trust Company, will present Milton Elrod, R. & R. Service, on "Taxation" for trust officers and advanced underwriters and estate men.

For the insurance newcomer, Chairman McKinley H. Warren, general agent Phoenix Mutual Life, will present one of his own agents, Myron E. Smith, who will give down-to-cases experiences on "Two Years in the Field."

At 3 o'clock, Chairman Collins will offer a follow-up on "Taxation" by presenting Leon Gilbert Simon, associate general agent Equitable Society, New York City, on "Business Insurance." At the same hour, Chairman Fitzhugh Traylor, manager Equitable Society, presents J. H. Stubbs, Equitable Society, on "Underwriting Financial Objectives."

The conference will close with Chair-

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man Clyde F. Gay, Aetna Life, and president General Agents & Life Managers Association, presenting "What You Should Know About the Social Security Act in Your Business." John R. Campbell, regional representative Social Security Board and C. N. Gray, manager Boston field office of the board, will give up-to-minute data on the workings of the act. They will also answer queries.

Cleveland Honors App-a-week Men

CLEVELAND—Cleveland producers with over 50 consecutive weeks of production were honored at the Cleveland Life Underwriters Association's meeting. They were seated at a special table and each was introduced by President Frank McFarlane. Those honored with over 500 consecutive weeks of production, were J. H. Phipps, Provident Mutual, 1,211 weeks; J. W. Wulf, Massachusetts Mutual, 1,203; Julius Gold, Sun Life of Canada, 1,140; Jacob Grob, Guardian Life, 935; Russell Kriss, Guardian Life, 935; P. B. Caster, Equitable of Iowa, 810; Dezzo Garay, Ohio State Life, 568; Elmer Schneerer, Massachusetts Mutual, 528 weeks.

Ream Agency Presents Skit

The feature event was a playlet, "Dr. Jekyll and Mr. Hyde," produced by M. Jay Ream, Ray Pollitt and Earl Frew, Mutual Benefit Life, Pittsburgh. The skit brought out the application of successful methods. Starting out with the theme that "every person you know knows someone you would like to know," it was developed that "every person you know knows at least three people you would like to know," and still the measure was conservative. Every person has from three to a dozen casual conversations during the course of a day. The conversation may readily be turned into acquaintance and valuable information drawn forth. The cast also demonstrated how to get prospects from a policy holder after he is sold. Mrs. M. Jay Ream provided an effective musical interlude between acts with the aid of a ukulele.

Closer Cooperation Urged

YOUNGSTOWN, O.—Growing necessity for closer cooperation to fight against the threats to the agency system and of federal government encroachment was pointed out by Ralph W. Hoyer, Columbus, president Ohio Association of Life Underwriters and general agent John Hancock Mutual Life, at a meeting of the Youngstown association. Mr. Hoyer declared that "the eyes of the T.N.E.C. are focused on the arrow which points outward for the agent" despite the fact that the agency system has been chiefly responsible for the growth of the insurance business.

State regulation has proved healthy for the business, spurring competition and preventing the growth of monopolies. Mr. Hoyer predicted that federal supervision would create a monopoly. He cited the association's fight against the proposed savings bank life insurance plan in Ohio. C. J. Ryan, president Youngstown association, urged members to comply with the TNEC's questionnaire. He read a communication from Congressman Kirwan, pledging support in the fight against the Wagner annuity proposal.

Mosler to Speak in Mid-West

LOS ANGELES—Chairman Henry G. Mosler of the Million Dollar Round Table will leave Los Angeles early in April and will make a visit to six of the mid-western cities where he will speak to life underwriters associations. His schedule is: Ogden, Utah, April 9; Denver, April 10; Kansas City, April 12, where he will appear before the sales congress; Wichita, April 13; Minneapolis, April 16, and St. Paul, April 17.

Atlanta—Charging that the TNEC, because of the one-sided manner in

which it has conducted the investigation of life insurance, has a "joker in the deck," F. C. Crowell, Jr., sales editor "Insurance Field," Louisville, told the Atlanta association it is the fixed responsibility of the agents of the country to work closely with their companies in giving to the public the true explanations of company operations and life insurance costs.

Aurora, Ill.—Harry T. Wright, Equitable Society, Chicago, vice-president of the National association, spoke.

Kankakee, Ill.—T. A. Lauer, Northwestern Mutual Life, Joliet, gave a talk. In discussing "Fundamentals of Success" Mr. Lauer called attention to the importance of prospecting, timing, ability to tell good human life stories, and the ability to do a good day's work.

G. E. Armbruster, manager Metropolitan Life, was appointed chairman of the business standards and conservation committee.

Lincoln, Neb.—Dr. A. L. Smith, expert on cardiac troubles, spoke on the relation of diseases of the heart to insurance rejections. He used a number of mechanical aids showing pictures of the heart in action and reproducing its beatings.

Chattanooga, Tenn.—J. L. Eubanks and H. A. Calkins, Metropolitan Life, New York, discussed "Social Security and Life Insurance."

Fort Wayne, Ind.—Vincent B. Coffin, vice-president and superintendent of agencies Connecticut Mutual Life, spoke.

Wichita—The 13 week insurance school closed with a talk by Leo R. Porter, Lincoln National general agent on "The Miracle of Life Insurance." Over 100 attended the course under the direction of L. B. Rymph, Aetna Life manager. On March 8 a "Graduation Banquet" is planned when certificates will be presented to those completing the course.

A special preview showing of the new film "American Portrait" has been secured by the Wichita Association for March 1.

Fort Worth, Tex.—W. H. Beers, general agent for New England Mutual Life at Rochester, N. Y., addressed the Washington birthday luncheon.

San Francisco—George Bowman, New York Life, association vice-president and chairman of the 1940 Quarter Million Dollar Round Table, has distributed the annual qualification forms to members. The forms must be filed by March 31. To qualify an agent must show records that during the last calendar year he paid for \$250,000 of a minimum of 20 lives with premiums aggregating \$6,000.

Memphis, Tenn.—Commissioner McCormack of Tennessee expressed great confidence in the American agency system which he said is being attacked from several unfair sources. Gale F. Johnston, Metropolitan Life, St. Louis, declared that "insurance is the greatest investment that human ingenuity ever devised."

Battle Creek, Mich.—C. J. Zimmerman, president of the National association, spoke.

Denver—Miss Beatrice Jones, Equitable Society, New York, spoke on "A Time Control Plan That Really Works" and Fred D. Byers, home office representative Aetna Life, on "How Industry Insures and Pensions Its Own Employees Without Government Aid." Commissioner Kavanaugh gave a report on the TNEC investigation.

St. Paul—J. Elton Bragg, New York City manager Guardian Life, spoke.

Eau Claire, Wis.—Hiram Moore, president Minnesota association, will speak March 2.

Minneapolis—The association held its annual hockey night. They saw the Minneapolis-St. Louis teams play.

Washington, Pa.—D. W. Hooton, associate general agent State Mutual Life, Pittsburgh, spoke on "Our Product."

Lehigh Valley, Pa.—With a thorough understanding of the social security act the agent can do a good job in taking care of the widow after her children mature and until she becomes eligible to receive payments at age 65. E. H. Snow, Aetna Life field supervisor, declared at a meeting in Allentown.

Des Moines—Lieutenant Governor Hickenlooper of Iowa, in addressing the Des Moines association, condemned the tactics that have been employed in the TNEC investigation of life insurance. He said that the committee seems to be most willing to hear anything derogatory about insurance but turns a deaf

ear to the "great mass of evidence of the stability and success of the insurance field." He asserted that the TNEC has jealous eyes upon the huge assets of insurance companies and if these assets were seized it would destroy the American system of free enterprise.

Des Moines—George H. Harris, public relations director Sun Life of Canada, will speak April 12. He will also speak to Omaha underwriters April 11 and Lincoln, Neb., April 10.

Little Rock, Ark.—Paul Rummel, assistant general agent Prudential; H. H. Conley, manager New York Life, and Robert Schulman, manager ordinary department Union Life of Arkansas, spoke at the sales training course.

Lafayette, Ind.—The speaker was President C. J. Zimmerman of the National association on "Today and Tomorrow." There were 90 in attendance of whom 75 were life underwriters or company executives. The remainder were special guests and members of the chamber of commerce of Greater Lafayette. The speaker was introduced by Cable G. Ball, president of the chamber.

POLICIES

Prudential Issues New Annuity Rates

The Prudential has issued complete details on its new life annuity rates which have been increased about 3 percent, and on its new installment refund annuity rates which are up about 5 percent. The purchase price for \$100 annual income follows:

Purchase Price for \$100 Annually					
Male* Life	Instl. Age	Male* Life	Instl. Age	Male* Life	Instl. Age
25	\$27.27	25	\$28.00	51	\$17.93
26	26.98	26	27.75	52	17.51
27	26.68	27	27.49	53	17.10
28	26.38	28	27.23	54	16.68
29	26.07	29	26.96	55	16.26
30	25.75	30	26.69	56	15.84
31	25.43	31	26.41	57	15.41
32	25.10	32	26.13	58	14.99
33	24.77	33	25.85	59	14.57
34	24.43	34	25.56	60	14.15
35	24.09	35	25.27	61	13.73
36	23.74	36	24.98	62	13.31
37	23.38	37	24.68	63	12.89
38	23.02	38	24.38	64	12.48
39	22.66	39	24.07	65	12.06
40	22.28	40	23.77	66	11.65
41	21.91	41	23.46	67	11.25
42	21.53	42	23.14	68	10.84
43	21.14	43	22.82	69	10.45
44	20.76	44	22.50	70	10.05
45	20.36	45	22.18	71	9.67
46	19.97	46	21.85	72	9.28
47	19.56	47	21.53	73	8.91
48	19.16	48	21.19	74	8.54
49	18.75	49	20.86	75	8.17
50	18.34	50	20.53	76	7.82

*Females rated at five years older.

Provident Mutual Has New Contract

Provident Mutual Life announces a new policy. "The Protection-Income Policy," combining retirement features with protection elements similar to those of the Provident Provider Policy, but with greater emphasis on the death benefits.

For each \$1,000 of life insurance held under the plan, the insured at age 65 may elect to receive a regular guaranteed income of \$3 a month, with 120 monthly installments certain. Should the insured not wish to take an income at that age, he make take the cash value of \$761 for each \$1,000 of coverage, or may elect to continue the protection as a full-paid endowment maturing at age 80. This option does not, of course, require evidence of insurability.

The Protection-Income Policy is issued only to men between the ages of 10 and 55, inclusive, and its limits follow the usual company rules for endowment contracts on the continuous payment plan, except that the minimum policy issued will be a \$2,000 unit. The policy is not issued to special class risks.

Specimen premium rates and illustrative net cost (not guaranteed) based

on 1940 dividend scales are shown herewith:

Age	Annual Prem.	1st Yr. Net Cost	20 Yrs. Net Cost
10	\$15.13	\$11.60	\$209.91
15	16.76	12.97	235.99
20	18.78	14.81	269.71
25	21.40	17.21	314.40
30	24.91	20.37	374.80
35	29.70	24.69	458.01
40	36.47	30.98	576.17
45	46.61	40.58	754.41
50	63.24	56.09	1000.15

Plans Completed for Salary Savings Plan

The new salary savings plan which the Equitable Life of Iowa announced in January has received a fine reception from the field force. A substantial number of employers' authorizations have been approved preparatory to the writing of the insurance on employees, while several cases have already been fully completed.

All of the regular life insurance and annuity contracts now written by the Equitable of Iowa are available under its salary savings plan. The regular age limits, and maximum and minimum limits as to amount of insurance, disability, and double indemnity apply. Cases under \$5,000, between the ages of 15 to 45, inclusive, are written on a non-medical basis. The salary savings plan has been welcomed because of its appeal to salaried people to buy insurance on the "time payment" principle.

Interest Factor Reduced

Through a transposition of figures, an error was made in reporting the action taken by Excelsior Life of Canada in regard to settlement options. Excelsior Life decreased the interest factor from 3½ percent to 3 percent. The article erroneously stated that the factor had been increased from 3 percent to 3½ percent.

Union Mutual Takes Cancellable Risks

(CONTINUED FROM PAGE 3)

would take care of 36,000 of the 41,000 policyholders of the company, it was pointed out.

Counsel for the insurance department was asked as to what the probable assets of the company would amount to in case of liquidation for the benefit of the non-cancellable policyholders. It was stated to be very difficult to determine what liquidation would produce, as certain taxes are now in litigation, claim awards are uncertain, contingent claims may not participate in the assets and claimants are preferred creditors in the unearned premium.

No Payments to Lawyers

Half a dozen counsel for certain non-cancellable policyholders expressed their views as to a proper solution. Judge Ronan stated emphatically that he wished it understood that lawyers representing one or more policyholders need expect no payment from funds of the company or from the state.

Justice Ronan said the moot question was what the non-assenting policyholders would receive and he would not approve any plan which did not give to them something definite. He was disposed to allow the taking over of the cancellable business by reinsurance if the commissioner would give him written assurance that Part 2 of the plan would be worked out, with some possible changes, to provide a fund for taking care of the non-cancellable policyholders, and if such plan were approved by 80 percent of those policyholders. Commissioner Lovejoy of Maine attended the hearing.

History of the Two Companies

The Massachusetts Accident was founded in 1883 as a mutual by George W. McNeill and became a stock company in 1908. G. Leonard McNeill succeeded his father as president. Chester

W. McNeill is of the third generation of the McNeills, while the fourth generation is represented by Walter L. McNeill and Clifton W. McNeill. The company has been operating in Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, Pennsylvania, Delaware, Maryland, District of Columbia, Ohio, Michigan, Indiana and Illinois. Premiums written in the cancellable field for the past six years totaled for 1934, \$601,346; 1935, \$566,303; 1936, \$593,093; 1937, \$599,592; 1938, \$691,956; 1939, \$726,335. For the past six months the company has been operating under the direction of Commissioner Harrington of Massachusetts.

The Union Mutual Life is now in its 92nd year of operation. It was organized as an old-line legal reserve company and was among the first to adopt the 3 percent net level premium basis of computing legal reserves. It is now one of about 40 companies in the United States to operate on this basis, the most stringent of several methods permitted by law. In 1850 the company issued what is believed to be the first endowment policy ever written and it was the first New England company to issue juvenile policies.

Where Union Mutual Operates

The Union Mutual operates in Connecticut, Illinois, Maine, Massachusetts, Michigan, Missouri, New Hampshire, New Jersey, New York, Ohio, Pennsylvania, Rhode Island, Vermont, Virginia, West Virginia, Puerto Rico and Canada. It writes annuities, juvenile, standard and all regular policy forms.

After the death of Arthur L. Bates, who was president for nearly 20 years to August 31, 1933, Sylvan B. Phillips became president and immediately laid plans for expanding operations of the company. As part of this program he brought into the company as agency vice-president, Rolland E. Irish, who went from Chicago in 1935. Mr. Irish has been very active in building an agency force in the field and an aggressive group of home office assistants. In 1938, when Mr. Phillips reached the retiring age, Mr. Irish was made president. Acquisition of the accident business of the Massachusetts Accident rounds out the program of providing Union Mutual representatives with complete equipment for insuring incomes.

Condemns Fear as Advertising Theme

(CONTINUED FROM PAGE 3)

insurance than it is to expect my dog to sit up and beg for a capsule, he hates?"

Edward King, secretary of the Hooper-Holmes Bureau, gave a most thoughtful address on "Insurance—A Manifestation of Democracy and a Bulwark of Credit." He traced the beginnings of the democratic ideal of government and stated that it is the only form of government that is not reactionary. He expressed the opinion that the industrial revolution could not have succeeded without the democratic revolution. The countries that have had the greatest distribution of the elective franchise over the longest period of time are the countries which have had the greatest distribution of wealth and the greatest total prosperity. The genius of a people for self-government demonstrates itself not only in the sphere of politics but in its effort toward self-sufficiency. Along with the political ability of the democratic peoples has gone their ability to secure, produce and distribute goods and to provide and make available a host of services.

Concentrated Government

The dangers of concentrated government in the field of politics surround concentrated government in the field of economics, he said.

Like the widespread distribution of goods and services, the widespread distribution of insurance is a manifestation of democracy. In the field of insurance

private enterprise has met with prodigious success among free men.

A government must always be guided by political expediency, he observed. What it does with the appointive power of office it must do with the distributive power of wealth. Every additional uncontrolled power given to a democratic government and particularly in the economic field is a reactionary step toward despotism. Insurance can be administered by private individuals in strict accordance with actuarial science and a sound, cautious investment policy. If administered by government, the business would have to be conducted by miracles in order to meet the demands of politically powerful individuals and pressure groups and the common man would get his proceeds chiefly by impotency. A limited and a restrained government is the only kind that will insure the liberties and the contentment of the people for long.

Reversed Approach Termed Main Cause of Failure

Most life agents go at the selling process wrong; they think the close is most important and the prospects' problems least, thus reversing the correct procedure, Ben S. McGiveran, Eau Claire, Wis., general agent Northwestern Mutual Life, told the Chicago chapter of C.L.U. at a luncheon Wednesday. He is a C.L.U. Mr. McGiveran said most important is the problem; next, the creation of a desire to solve it; third, the demonstration that life insurance is the solution. With these steps properly performed, the close is automatic, he said.

The agent always must know the prospect's problems before he can hope to do a good selling job, Mr. McGiveran said. The best way to create a desire to solve the problems is by an appeal to the prospect's fear and selfishness. The close must be assumed at all times, and it will occur automatically at the proper place in the interview if the rest of the job is well done.

Belief in Self Important

Mr. McGiveran said belief in one's ability, determination and application vigorously to the job are necessary for success. No salesman ever was born, he said. Belief in ability and determination are the greatest difference between material and mediocre success.

The agent must select prospects with buying power. The others represent a waste of time. Mental attitude takes in not only the agent's outlook but that of the prospect toward the agent. The agent must build good will and prestige. One good way to do this is by being generally useful in the community. There are three main steps in each interview, he said: to qualify the agent, qualify the prospect, and make the close.

W. H. Siegmund, Zimmerman general agency Connecticut Mutual, membership chairman Chicago Association of Life Underwriters, reported the roster of that organization stands at 1,951.

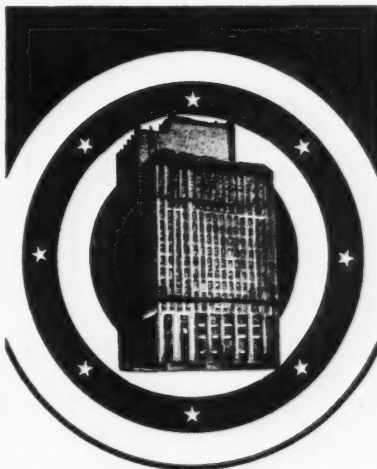
There are 24 agencies with 100 percent membership.

Aetna President's Trophy Winners Are Announced

The Aetna Life announces the annual award of president's trophies to the following agencies for professional achievement in 1939:

John N. Adams, Portland, Ore., Pacific region; G. B. Chapman, Cleveland, central; W. R. Harper, Philadelphia, eastern; F. H. Plaisted, South Bend, central; J. S. Smith Agency, Houston, southern; H. W. Florer, Grand Rapids, Mich., central; and W. F. Stone, St. Paul, western.

The awards are based on all-round agency improvement, including full-time organization, lapse ratio, new business increase, development of financially successful agent and policyholder service.



General Agency
OPPORTUNITIES
for good personal
producers



LIFE

**SELL THEM WHAT
THEY WANT**

ACCIDENT

HEALTH

Sell the public
what it wants—
complete personal protection. You can
build a good volume with the Federal
Life and Casualty's accident—health—life protection for both men
and women and juvenile life for children. Territory open in 30 states.

FEDERAL LIFE AND CASUALTY CO.

DETROIT - - - MICHIGAN

LEGAL RESERVE FRATERALS

N.F.C. Sections Hold Chicago Meetings

A. J. Donovan, general attorney Royal League, Chicago, was advanced from vice-president to president of the Fraternal Society Law Association at the 31st annual convention held in Chicago last week during the mid-winter meeting of the National Fraternal Congress there. W. C. Ewan, Kewanee, Ill., director Fidelity Life, association treasurer, was advanced to vice-president; J. W. Randall, general attorney Praetorians, Dallas, was elected treasurer, and R. F. Allen, Topeka, Kan., general counsel Standard Life, was re-elected secretary.

Papers were read by R. J. Mohan,

St. Paul attorney, on beneficiaries under fraternal certificates; O. S. Wells, assistant general attorney Woodmen Circle, Omaha, on aviation exclusion clauses; A. W. Joslyn, Detroit attorney, on admissibility of hospital records; A. N. Adams, Kansas City attorney, on waiver and estoppel affecting fraternal insurance contracts, and A. W. Fulton, Chicago, general attorney Security Benefit, on the question whether further tender is excused in case of wrongful termination of the policy by the insurer. There was a general discussion on legal and legislative questions.

Retiring President A. J. Abbott, Detroit attorney, takes the post of past president, succeeding E. W. Dillon, Columbus, O.

Decision to recommend to member societies inclusion in the annual state-

ment blank of an "operating analysis" somewhat similar to the "gain and loss" exhibit of old line companies, but much simpler, clearer and less susceptible to public misinterpretation, was made by the Fraternal Actuarial Association at its meeting. A tentative exhibit was presented whose purpose will be to show the society what is going on in its organization, whether the benefit fund is getting better or worse, etc. The project was worked out in sub-committee headed by Joseph Reault, Maccabees, Detroit. The present valuation report in the statement provides for setting forth the actual to expected mortality and return on investments so as to show gain from interest, but there is no provision for showing underwriting, that is insurance expense to premiums incurred.

Scope of Proposed Exhibit

The new operating analysis would follow somewhat the new gain and loss exhibit of old line companies, but is not exactly the same. It would show net gain or loss of underwriting, including mortality and interest, and also net gain or loss in investment values, comparable to the capital gains and losses of the old line exhibit. The idea, however, is not to show the actual to expected mortality ratio, nor the ratio for interest earnings, but to set forth the actual figures in dollars so as not to create an impression there is "velvet" in the business in these items, when there is not.

The actuaries discussed sections of the proposed uniform fraternal code, especially that relating to the fund. Present state laws generally, except in Illinois, require separate expense and mortality funds. In Illinois, the actuaries stated, it is optional to make these separate or combined and they want to put these in one fund. These two propositions will be passed up to the August annual meeting of the N.F.C. at Baltimore for action.

A committee was appointed to contact all societies in regard to the proposed operating analysis exhibit. In addition to H. R. Taylor, consulting actuary Cedar Rapids, Ia., C. L. Alford, consulting actuary, Nashville, and Mr. Reault, new members appointed were: R. D. Taylor, consulting actuary, Cedar Rapids; D. D. Macken, chief actuary Woodmen of the World, Omaha, and Frank Lee, Woman's Benefit, Port Huron, Mich.

Most of the scheduled papers were delivered in a joint session with the medical and presidents sections, and a paper by F. J. Gadiant, actuary Modern Woodmen, on destruction of records of a life insurance organization, was put over until the August meeting.

E. H. Nicholson Presides

Earl H. Nicholson, New York, presided, assisted by Secretary Eugene H. Pakes, actuary Woodmen Circle. The actuaries' annual meeting and election will be held at Baltimore in August.

The secretaries section held a meeting with Mrs. Mamie E. Long, secretary Woodmen Circle, Omaha, president, in the chair. Miss Frances D. Partridge, N.F.C. president, and A. O. Benz, vice-president N.F.C., extended greetings. A. A. Kuhle, regional representative social security board bureau of old age and survivors insurance for Illinois, Indiana and Wisconsin, explained provisions and operation of the act, a discussion following.

Miss Anna E. Phelan, secretary Women's Catholic Order of Foresters, Chicago, reported as secretary-treasurer. There was a round table discussion of lapsation and conservation, subjects which were predominant in the program of the presidents section.

Dr. H. B. Kennedy, Woodmen of the World, Omaha, in a paper before the medical section on "Personnel of the Underwriter," described the type of man best suited for selection. He should have a critical mind, Dr. Kennedy said, and should have the faculty of abstraction so that he can sit on the sidelines

and weigh all factors without personal bias.

Oklahoma Juniors Group Elects

OKLAHOMA CITY—Billy Clark, Maccabees, was elected president of the Junior Fraternal Congress of Oklahoma.

Providence Elects Officers

PROVIDENCE, R. I.—The Managers & General Agents Round Table elected officers: President, Walter Mason; vice-president, E. F. Carey; secretary-treasurer, M. H. Stearns.

Boston Actuaries to Meet

The Actuaries Club of Boston will meet next March 6. The plan of the Union Mutual Life to reinsure the Massachusetts Accident will be discussed, among other topics.

Fraternalism Is to Tell Its Story

(CONTINUED FROM PAGE 1)

the business, he said, can the societies meet the needs of the times.

Smaller margins for field work and dividends lie ahead, J. M. Fitzsimmons, manager investment department Modern Woodmen, declared in a talk on investments. Interest rates appear to be under control, he said, and artificially controlled markets never have worked the way they were planned. If there is no change in interest rates, interest earnings will decline unless there is a change in investment policy of societies.

Mr. Fitzsimmons emphasized that sales price determines the cost and not cost the price. The objective of fraternal societies to maintain relatively low premiums which have characterized the institutions since the beginning should be maintained, he said. He pointed out there are four factors in the financial formula of the societies, premiums and interest on one side and policy charges and expenses on the other. Any change in one is reflected in the other, Mr. Fitzsimmons said. There is a definite tendency for fluctuation of interest earnings to affect expenses. The most unyielding expense is cost as to rates, net premiums, etc., and net premium controls the volume of business over the long term. He spoke for a budget carefully prepared and rigidly adhered to, for the forecasting of expenses to come and earmarking funds for the purpose.

Walter C. Below, president Fidelity Life, Fulton, Ill., and first vice-president presidents section, substituted as official quizzer for Bradley C. Marks, president A. O. U. W., North Dakota. A. O. Benz, president Aid Association for Lutherans, who first filled this post, took part. Mrs. Grace McCurdy, head of Royal Neighbors, Rock Island, Ill., secretary presidents section was introduced. Roy L. Davis, assistant insurance director of Illinois, gave a talk, noting the large fraternal premium income in Illinois, explaining that the smallest amount of complaints on insurance contracts filed with the Illinois department comes from fraternal policyholders. The societies have a closer contact with their policyholders than the old line companies, he said. Bernard W. Risse, Illinois department fraternal supervisor, gave a talk, saying he could not understand why societies have a bylaw which serves to void a certificate or increase the premium rate if the occupation is changed after the certificate is issued. He also said that there are too many underwriting bylaws affecting the risk after it is written.

Miss Frances D. Partridge, secretary

THE WOMAN'S BENEFIT ASSOCIATION

Founded 1892

A Legal Reserve Fraternal Benefit Society

Bina West Miller Supreme President Frances D. Partridge Supreme Secretary

Port Huron, Michigan

1883

1940

FIFTY-SEVEN YEARS

ON JANUARY 5, Modern Woodmen of America rounded out fifty-seven years of faithful life insurance service to members and beneficiaries. During this long period the Society has disbursed in excess of \$610,000,000 in death and cash benefits. All claims are paid with a promptness equaled by few life insurance organizations.

MODERN WOODMEN OF AMERICA has always fulfilled its mission of human helpfulness. It has disbursed thousands of dollars in cash for the relief of distressed members throughout the United States. More than 11,000 members have been treated free of charge at its tuberculosis Sanatorium in Colorado.

Life Insurance Protection for the Entire Family

MODERN WOODMEN OF AMERICA

HEAD OFFICE

ROCK ISLAND, ILLINOIS

A NEW HIGH

Over \$200,000,000.00 Insurance in Force
and
Over \$32,000,000.00 Assets



After only thirty-seven years of existence, the Aid Association for Lutherans has gained a very enviable position in the fraternal life insurance field.

Its record for gain of life insurance during the year 1939, and the entire period of the depression, is outstanding among the legal reserve fraternal societies, and to-day the Aid Association ranks among the six who lead in gain in life insurance in force. It is recognized everywhere as one of the most successful life insurance organizations in the United States and Canada.

AID ASSOCIATION for LUTHERANS

The Largest Legal Reserve Life Insurance Organization
Exclusively for Synodical Conference Lutherans.

Appleton, Wisconsin

Alex. O. Benz, Pres.
Otto C. Rentner, Vice-Pres.

Albert Voecks, Secy.
Wm. H. Zuehlke, Treas.

Woman's Benefit and president N. F. C., extends greetings, telling of plans for the annual N. F. C. convention at Baltimore in August. Active committees there are making arrangements. Johns Hopkins Hospital has offered to give a clinic especially for the medical section. The city will offer a boat ride on Chesapeake Bay to Annapolis. Efforts are being made to arrange for a parade of the cadets there, although it will be in the vacation time. A large gathering at Baltimore is anticipated.

The next legislative season is expected to be heavy for the N. F. C. with 40 legislatures to be in session, she said. Miss Partridge spoke about the uniform fraternal code which was considered at Chicago, saying it would be satisfactory to societies and contains no radical provisions. Mr. Aleshire noted that Dora Alexander Talley, head of the Woodmen Circle, Omaha and past N. F. C. president, was ill and had gone to Miami for a rest.

Mrs. Grace McCurdy, head of Royal Neighbors, reported as secretary-treasurer.

Need Trained Field Workers

Peter F. Gilroy, president Woodmen of the World, Denver, talked on the transition from the old order of fraternalism to the new. It has been found necessary to have well trained field workers to explain fraternal insurance as well as lodge benefits, clearly and understandably. It is necessary to present insurance so it will stay sold, he said. This can be done only by a thoroughly educated and trained field force.

Some societies have supplied their solicitors printed prospect cards. Mailing application cards to prospects became outmoded in the gay 90's, he said. Originally and for many years the memberships were written by the laity. This method also today is inadequate, Mr. Gilroy said. The sentimental appeal of fraternalism, however, has not entirely lost its force. Mr. Gilroy feels fraternal selling can never and never should be commercialized on the old line basis, but the technique of fraternal insurance selling should be highly developed nevertheless.

Aleshire Views Problem

There was general discussion of the subject, led by Mr. Aleshire. The difficulty is to get field people to work, he said. They cannot even successfully be subsidized. Campaigns with various objectives help, but in analyzing campaign business he found the society was competing with itself in the matter of lapsation. Campaign business generally does not persist so well as regular production. Workers should be rewarded for quality of business written. Modern Woodmen has experimented with a "protection" campaign in March, finding business written then has had twice the persistency of ordinary campaign business. This campaign, stressing protection and service for members, will become a regular annual feature he said. Mr. Below said the problem is to train field workers to recognize and write only business that will persist. Getting prospects of the right type is difficult for most field workers now. In this work, other members can greatly assist.

Lodge Work Offers Hope

Mrs. Bina West Miller said that interesting members in local lodges and their rituals and social work helps to improve the quality of new membership. It is much more difficult today. The modern women have many activities. There is less interest for them in fraternalism. An important slant, she said, is to have a very active juvenile department, for by the time these juveniles come to an age when they can transfer to the adult division, their fraternal activities have become a habit, they have developed friendships in the lodges, and they do not lightly give these up.

Mr. Benz spoke on the ethics of employing field representatives. Securing a field force that will produce business that will persist is a difficult task that

cannot be done immediately. Any merchandise that is good need not be sold through giving premiums to the sellers or buyers, he said. Therefore he is not highly pleased with the method of having campaigns and prizes for business.

Is Opposed to Proselyting

The modern successful method is to sell life insurance to fit specific individual needs, he said. To do this the sales force must be highly trained. This kind of a force takes time to build. There has therefore developed the practice of proselyting workers—both among societies and old line companies. Aid Association, he said, will not consider the agency application of a worker with another society or company. It will consider only workers who have terminated their previous agency contracts. There are some societies, unfortunately, he said, who have waged proselyting campaigns, but in recent years these societies have changed their methods. The field ethics of N.F.C. societies now, he said, are practically above reproach.

Aid Association in the last 10 years has increased its insurance in force 110 millions without campaigns or proselyting. Lapse ratio in the last several years on first year business has been less than 8 percent. Some field workers call on new members as much as four or five times in the first year. One worker has not had a single lapse, yet his annual volume is \$400,000 to \$500,000.

Mr. Benz is a firm advocate of active local branches, or lodges. They serve not only to help produce new business but to retain business on the books.

Speaks Against Using Subterfuges

A way of getting around the charge of proselyting and bad ethics that is frequently employed, Mr. Aleshire commented, is not to sign an agency contract with a member of another organization until he has quit the connection, but to do everything possible to induce him to quit. This is merely a subterfuge to save the conscience, he said.

The result is the same.

Norton J. Williams, president Equitable Reserve, in the last afternoon session, talking on persistency of business, said a great many field workers have been talking to prospects out of work or likely to be so before long. They have to be taught how to cull their prospects quickly, and how to better the risks that they write.

He said societies perhaps should calculate compensation on straight commission, but advance moderate amounts in time of need, or pay an increased amount of commission in early policy years, to stimulate production and put field workers on a sound financial basis.

Offer Great Possibilities

Mr. Williams said societies should not "kid" themselves about persistency results. He offered to bring Equitable Reserve persistency figures in for study by other member societies. He said reliable conclusions could not be drawn unless 10 to 12 other societies would do the same thing. A spread of experience is needed. Out of such comparisons, he believes, would come a new order for fraternal insurance, and possibly for life insurance as a whole, for the old line companies have the same difficulty.

Financing of field men was discussed by Walter Below. Fidelity Life employs field workers on commission basis, he said. Financing is a problem which causes society executives to have many sleepless nights, he added.

"I believe a pertinent question is shall we, or shall we not finance the new field man, and if so, how?" he said. "Can we successfully recruit men of the right type if we stick to the ironclad rule of not financing?"

Tells Problem of New Men

Mr. Below said new men are fired with enthusiasm. In a few days they find the path is not strewn with roses; that they know too little about the business and must spend much time in prospecting. Their meager capital becomes

exhausted and their commission checks are too small to support their families. They may become dishonest, due to great need, and at least morale becomes low.

Mr. Below feels the situation is unfair to new workers. Something must be done about it. Indiscriminate financing should not be done. Acquisition cost limitations of societies will not permit that. The question is whether it shall be salary and bonus, drawing account, or other means, he said. Mr. Below suggested societies recruit men who were successful in other lines. Then they should be equipped with the necessary knowledge of life insurance fundamentals, selling methods and fraternalism. Almost any sensible, conservative financing will work out well and prove to be a good investment, if these principles are followed, he concluded.

Thompson Speaks on Commissions

Finally, a paper on commissions was read by E. W. Thompson, president Maccabees. The commission basis generally employed by old line companies is most practical, he said, and is better calculated than salaries to stimulate the salesmen's best efforts. The salary basis has a tendency to create indifference and slothfulness, he said. Four months' persistency is required in Maccabees, else there is a charge-back against district managers. New workers are fortified. A "ceiling" to prevent soaring of overhead costs can be secured only through a commission basis, he said. It aids persistency. Agents are rewarded precisely in proportion to what they do for the society.

Mr. Thompson noted that even old line companies have not completely solved the problem, and there is a committee of the Sales Research Bureau now working on the question.

Mr. Aleshire said there is such a thing as paying too much for business. If so, that fact will develop when the surplus begins to run low. Perhaps

LUTHERAN BROTHERHOOD

MINNEAPOLIS

Legal Reserve Life Insurance for Lutherans

MINNESOTA

HERMAN L. EKERN, President

FINANCIAL STATEMENT AS OF DECEMBER 31, 1939

ASSETS

First Mortgage Loans:		
City	(25.93%)	\$2,604,432.06
Farm	(26.07%)	2,618,665.56
Church	(7.39%)	741,889.60
Bonds:		
U. S. Government....	(4.10%)	411,431.88
*Other Gov't, State and Municipal	(12.87%)	1,292,227.91
Public Utilities	(0.96%)	96,337.75
Railroads	(0.97%)	97,706.81
Policy Loans	(14.80%)	1,486,022.41
Cash	(1.75%)	175,676.74
Interest Due and Accrued	(0.52%)	52,656.30
Premiums Due and Deferred and Misc....	(3.34%)	335,545.21
Real Estate	(0.79%)	79,691.49
Real Estate sold Under Contract	(0.51%)	50,973.80
Total Admitted Assets..	(100.00%)	\$10,043,257.52

LIABILITIES

Reserves on Policies and Annuities..	\$7,775,158.63
Held in reserves required by statute for the payment of benefits promised our policyholders.	
Advance Premium Reserve	331,135.40
Amounts deposited in advance for payment of future premiums.	
Dividends Left at Interest and Dividends Due	443,733.82
Reserves on Disability	92,968.04
Held in reserves required by statute for the payment of benefits promised our policyholders.	
Present Value of Death Claims Payable in Installments by Request..	102,812.82
Present Value of Disability Claims Payable in Installments	213,329.13
Death Claims Awaiting Proof	13,810.00
Miscellaneous Reserves	66,178.72
Total Liabilities	\$9,039,126.56
Surplus to Policyholders	1,004,130.96
For all Contingencies.	
Total to Balance	\$10,043,257.52

Ratio of Actual to Expected Mortality 28.32%

Ratio of Assets to Liabilities 111.19%

Net Rate of Interest Earned 4.19%

SUMMARY OF GROWTH AND PAYMENTS TO POLICYHOLDERS

	Ins. in Force	Admitted Assets	Surplus	Interest Earned	Death Claims	Divs. Paid
1920	\$ 2,193,500.00	\$ 47,943.34	\$ 16,095.95	\$ 1,522.17	\$ 2,000.00	\$ 935.91
1925	9,390,000.00	431,157.68	70,728.56	19,477.66	13,500.00	16,654.97
1930	37,075,188.00	2,420,549.09	220,928.06	107,834.52	73,113.00	86,263.89
1935	51,028,342.00	5,559,928.85	469,920.35	235,056.19	154,587.57	135,100.40
1938	65,334,512.00	8,737,365.36	849,988.34	379,217.56	145,242.00	214,694.96
1939	69,713,722.00	10,043,257.52	1,004,130.96	422,499.54	185,224.00	232,840.52

some societies are "stingy" in their commission scales, he said. Neither too much nor too little should be paid.

The securities valuation committee, headed by J. V. Abrahams, secretary Security Benefit, Topeka, Kan., held a meeting, preparing a draft of a valuation section of the proposed uniform fraternal code relating to valuation of bonds or other evidences of indebtedness. Discussion developed the societies' investment men are in favor of a bill in Congress which would include counties and parishes in the operation of the new municipal bankruptcy bill before Congress.

NEW YORK

NEW YORK SALES CONGRESS

As chairman of the program committee Leon G. Simon has secured a fine degree of talent as speakers at the sales congress sponsored by the New York City Life Underwriters Association to be held at the Hotel Pennsylvania, March 20. Those who have definitely agreed to speak include J. E. Bragg, general agent of the Guardian Life and professor of life insurance at New York University; Paul Troth, Jr., "Eastern Underwriter"; J. S. Myrick, manager Mutual Life and chairman of the trustees of the American College of Life Underwriters; Gene Flack, public relations counsel Loose-Wiles Biscuit Company; H. J. Johnson, president Institute of Life Insurance; H. H. Hoffmeister, ace ordinary and industrial producer Metropolitan Life; Harry Gardner, general agent John Hancock Mutual; Sheppard Homans, general agent Equitable Society; H. P. Gray, general agent Connecticut Mutual; R. L. Jones, treasurer National Association of Life Underwriters; B. B. Ballinger, general agent Mutual Benefit, and H. J. Hannigan, chairman board of directors N. Y. City Life Underwriters Association.

G. C. Huerth, a former president, will preside at the initial session and Mr. Simon at the subsequent one. A feature will be the first public showing of "American Portrait," a companion to the motion picture "Yours Truly," released several months ago. The new picture, as was the preceding one, will be available for display by agents at gatherings throughout the country without charge.

The theme of the meeting "Streamlined Salesmanship," will be emphasized throughout, posters depicting the idea being prominently displayed in the hall. Elias Klein of the Bookstaver agency of the Travelers, publicity manager last year, is acting in like capacity for the forthcoming meeting. H. N. Sloane of the McNulty agency of the Prudential heads the attendance committee, while to J. M. Hughes, managing secretary of the association, has been delegated control of all details.

Attendants at the annual banquet will be treated to an exceptionally fine type of entertainment, arranged by C. P. Dawson and his committee associates.

SALES FIGURES FOR N. Y. CITY

Sales of ordinary insurance in New York City for January, as estimated by

Life insurance renewals bought from estates or from brokers. Fair prices paid. Inquiries invited. Address P. O. Box 725, Newark, N. J.

Policy Wallets

Perfect for Remembrance Advertising! Insurance Policy Wallets

Fine leather. Black only. 7 envelopes inside. \$1 ea. or 75c ea. in doz. lots. DeLuxe quality, leather lined, \$1.75 ea. or \$1.50 ea. in doz. lots. Cash with order unless rated concern. (Cowhide Sales Pac, \$6.50.)

KING'S
1019 CALHOUN ST.
FORT WAYNE, IND.



the Sales Research Bureau and released through the New York City Life Underwriters Association, amounted to \$48,811,000 as against \$63,032,000 for January, 1939.

TAXATION OF PROCEEDS REVIEWED

There is no more vital problem which confronts the alert life underwriter than that of the taxation of life proceeds, Samuel J. Foosaner, Newark attorney told the Hyde-Adler agency of the Penn Mutual Life in New York City in a talk on taxation. The question of taxation of proceeds is not confined to the rich. Too often ill-advised assignments result in the taxation of insurance proceeds which would otherwise be exempt.

YOVITS ANNIVERSARY DRIVE

The Albert Yovits agency of the Security Mutual Life in New York is staging its 16th anniversary campaign in March. The agency has been one of the company leaders for 16 years and is out to beat all past records for production and paid for business.

C. L. U. TO HOLD SEMINARS

The New York C. L. U. chapter is holding seminars on advanced life underwriting on March 1 and March 8 in the late afternoon. Discussions on selecting the proper and complete beneficiary clauses under the optional modes of settlement in relation to programming will be led by J. E. Bragg, M. M. Goldstein, C. L. Post and R. U. Redpath. J. F. Speer is chairman.

BROKERAGE CLINIC MARCH 19

A brokerage clinic will be held by the Life Supervisors Association of New York March 19. The purpose is to prove to life companies the merit behind brokerage business as distinguished from surplus business or jumbo line cases, and to stress the time and effort used in developing first line brokers.

TRAINING FOR EXAMINATIONS

Plans for a course for those taking New York state examination for licenses as life agents have been prepared by the Life Underwriters Association of the City of New York. The course for the April examination will begin March 18 and end March 29.

C. K. Litchard Heads General Agents

(CONTINUED FROM PAGE 2)

Lackey, Detroit; George J. Macdonald, Chattanooga; J. S. Braunig, Boston, and C. C. Covalt, Mattoon.

In commenting on the man who wants to come into the life insurance "to give it a try," Mr. Covalt pointed out that the road to success is strewn with the bones of little men with little faith who have failed.

Must Have Attractive Agency

Frank Howland, Memphis, stressing the value of present organization's enthusiasm and cooperation in selling the desirable recruit on the attractiveness of the business and on the agency, pointed out that "birds of a feather flock together, in the life insurance business, as elsewhere."

In discussing training of new agents, F. J. Van Stralen, co-general agent San Francisco, said: "Psychologists tell us that personality characteristics have far more to do with success than does the ability to impart knowledge. Granting that knowledge and the ability to impart it are unquestionably essential, are we, then, in our training methods placing too little emphasis on the development of desirable personality characteristics?" As a part of his agency's training procedure, mimeographed copies of articles are given to the new man, on the general subject of getting along with people. The list includes such bits of counsel as:

"(1) Keep skid chains on your

tongue. (2) Make promises sparingly and keep them faithfully, no matter what the cost to you. (3) Never let an opportunity pass to say an encouraging thing to or about somebody. (4) Be sincerely interested in others. (5) Be cheerful. (6) Preserve an open mind on all debatable questions. (7) Let your virtues speak for themselves. (8) Be careful not to offend others. (9) Pay no attention to ill-natured remarks; live so that nobody will believe them. (10) Don't be too anxious about getting your just dues."

Need Plan, Plant and Personnel

Summarizing the recruiting and training session, Vice President Chester O. Fischer said, "The general agent's job is one which calls for plan, plant and personnel. And while all these factors are of great importance, the last personnel, is uppermost. It is not to be wondered at that recruiting, selection and training are hardy perennials of convention programs; our business is one which calls for individualized, personalized, humanized service, and this can be rendered only by carefully selected and well-trained personnel."

Irvin Bendiner, counsel Pennsylvania State Association of Life Underwriters, in a talk "What Does the Future Hold for Us?" gave a clear-cut, understandable outline of the essential provisions of the social security act, and an exposition of its influence on the sale of life insurance.

Behan Gives Talk

Following an inspiring talk by Frank T. McNally, Minneapolis, on "Precious Things," Vice-President Joseph C. Behan, was presented by Mr. Litchard, who employed in effective fashion a mythical inspection report on the speaker. Mr. Behan, responding in a humorous vein, exhorted his audience to make good use of contributions to the program.

Mr. Cremen, who has served as secretary-treasurer for the past 10 years, was honored and was presented with a chest of silver as a token of esteem and appreciation.

Keystone Advertisers Elect Loeble Chairman

C. C. Loeble, in charge of advertising and new business for the Presbyterian Ministers Fund of Philadelphia, was elected chairman of the Keystone Life Advertisers Association to succeed D. B. Slattery of the Penn Mutual, who recently resigned to take an agency position with the National Life of Vermont. Miss Margaret Stubblebine, also the Presbyterian Ministers Fund, was elected secretary.

"Direct Mail" was the subject of the Keystone Life Advertisers session at which the election was held. Speakers included Mr. Loeble, Mr. Slattery and Miss Alice E. Roche of the Parret Agency of the Provident Mutual. C. P. Mayfield of the Fidelity Mutual Life summarized the meeting and led the discussion.

Mr. Loeble, whose company depends on direct mail for the major part of its business, told how mail order methods combined with the dignity of the usual life insurance direct mail message, managed to get amazingly high percentages of response from prospects of the Fund.

Finds Conventions Are Costly

A manager of one of the large life companies who has had a wide experience in agency administration has reached the conclusion that companies are spending too much money for annual conventions and that the agents are not so much in favor of these activities as executives may think. In commenting on the subject, he said:

"I realize that there is a stimulating effect in agency conventions in that they do increase the morale and give men a

Conventions

March 5-6—Life Advertisers Association Eastern Round Table, Pennsylvania Hotel, New York City.

April 5-6—National Association of Life Underwriters, mid-year meeting, Atlanta.

April 8-9—Life Advertisers Association, North Central Round Table, Netherland Plaza Hotel, Cincinnati.

April 11-12—Life Advertisers Association, Southern Round Table, annual meeting, Jung Hotel, New Orleans.

April 15-16—Insurance Accounting & Statistical Association, annual meeting, President Hotel, Kansas City, Mo.

April 22-27—Accident & Health Insurance Week.

April 29-May 2—U. S. Chamber of Commerce annual meeting, Washington, D. C.

May 15-17—Industrial Insurers Conference, annual meeting, George Washington Hotel, Jacksonville, Fla.

May 16-17—Bureau of Personal Accident & Health Und., Claridge Hotel, Atlantic City.

May 17-18—Illinois Association of Life Underwriters, annual meeting, Springfield, Ill.

May 23-24—American Institute of Actuaries, Edgewater Beach Hotel, Chicago.

May 27-28—Association of Life Insurance Counsel, Homestead, Hot Springs, Va.

June 4-5—Pennsylvania Insurance Days, Philadelphia.

June 4-6—Medical Section American Life Convention, Broadmoor Hotel, Colorado Springs, Col.

June 6-7—Canadian Life Insurance Officers Association, annual meeting, Mount Royal Hotel, Montreal.

pride in their organization. However, they are very expensive. Usually these conventions are held in some rather high priced hotel. My objection is that they practically mean taking men out of production for almost three weeks. The convention itself occupies about a week. The agents take about a week in preparation or at least they are anticipating the trip and their minds are off their own business. Then when they come back it takes a week to get in running order.

"Suppose, for example, that a company figures that it has to spend about \$300 on each agent on the average. If the company would give each agent who qualifies the \$300 that would be a great windfall for him and would enable him to take care of some of his pressing obligations. The agent who qualifies necessarily must pay money out of his own pocket for extra expenses. It probably costs him from \$75 to \$100 to attend the convention. Then he must count in the business that he loses while he is gone. Most of these conventions are too large to give personal attention to men and the talks necessarily have to be quite general in character. The real work is done when a meeting is in one's own agency or in a regional meeting where a few agents send their men. Today's life salesmen as a rule are having no easy job in getting along. To give a man \$300 as a bonus would be the greatest incentive to work of which I know. Therefore, put me down as being opposed to these general expensive conventions."

STOCKS

H. W. Cornelius of Bacon, Whipple & Co., 135 South La Salle street, Chicago, gave the following stock quotations for life companies as of Feb. 27:

	Par	Div.*	Bid	Asked
Aetna Life	10	1.40*	32	34
Central, Ill.	10	...	9	11
Cent. States Life	5	...	1 1/2	2 1/4
Conn. Natl. L.	100	...	68	72
Conn. Genl.	10	...	28	30
Contl. Assurance	10	2.00	39	41
Federal Life	10	...	4 1/2	5 1/4
Great Southn. L.	10	1.30	20	23
Kan. City Life	100	16.00	350	400
Life & Cas.	3	...	11 1/2	12 1/2
Lincoln Natl.	10	1.40*	30	32
No. Amer. Life	2	...	2 1/2	3
N. W. Natl. Life	5	...	12	13
Ohio Natl. Life	10	1.25	27	30
Old Line Life	10	...	11	12 1/2
Sun Life, Can.	100	15.00	285	315
Travelers	100	16.00	465	480
Union Cent. Life	20	1.20	20	25
Wis. National	10	1.00	16 1/2	18

Sales Ideas and Suggestions

Business Insurance Opportunities Are Specified

NEW YORK—Aimed at opening up the market for business insurance in the field of small business and personal service organizations operating as sole proprietorships, partnerships, and close corporations, a course of study was recently conducted for Mutual Benefit Life men in New York City. Lecturers included S. C. Barnes, who was in charge of the course; R. F. Mellor, A. V. Youngman, and G. G. Terriberry, all of whom have made records as producers. The course was built around an analysis of the market for business insurance. Each type of ownership—sole proprietorship, partnership, and close corporations, was broken down into (1) characteristics of the type of ownership; (2) its key factors or disadvantages; and (3) how business insurance can serve the agent's clientele in that field.

Following is a list of businesses usually owned by either a sole proprietor, a partnership, or a close corporation: Publishers, printers, lithographers, manufacturers.

Personal service organization: Brokers—oil, ship, coal, stock, foods, etc.; financial organization, certified public accountants, law firms—individual attorneys; dental and medical firms; individual doctors and dentists; advertising agencies—counselors; engineering counselors; merchandising counselors; beauty shops; realtors; manufacturers' representatives.

Wholesale and retail merchants: Food group: Candy and confectionery stores; dairy products stores; milk dealers; egg and poultry dealers, delicatessen stores; fruit stores and vegetable markets; grocery stores; combination stores (groceries and meats); meat markets; fish markets.

Caterers: Bakeries; bakery goods stores.

Other food stores: Coffee, tea, spices; farm products stores; general food stores; bottled waters and beverages.

General merchandise group: Department stores; dry goods stores; piece goods stores; general merchandise stores; army and navy goods stores; variety, 5-and-10, dollar stores.

Automotive group: Motor vehicle dealers; used-car establishments; accessory stores; battery and ignition shops; brake repair shops; tire shops; garages and repair shops; body, fender and paint shops; parking stations, parking garages; radiator shops; dealers in motor cycles, bicycles and supplies; dealers in motor boats, yachts and canoes.

Apparel group: Men's and boys' clothing and furnishings stores; men's and boys' hat stores; family clothing stores; women's ready-to-wear stores; women's accessories stores.

Lumber and building group: Lumber and building material dealers; roofing dealers; electrical shops; heating and plumbing shops; dealers in heating appliances and oil burners; dealers in air-conditioning equipment; glass and mirror shops; paint and glass stores.

Other retail stores: Hardware stores; farmers' supplies; sporting goods stores; bookstores; cigar stores and cigar stands; coal and wood yards; ice dealers; drug stores; florists; specialty stores.

Opticians and optometrists. Dealers in scientific and medical instruments and supplies.

Monuments and tomb stones. Printers and lithographers. Stationers and engravers.

Furniture and household group: Furniture stores; floor coverings, draperies, curtains and upholstery stores; household appliances stores; refrigerator dealers; other home furnishings and appliances stores; radio and music shops.

Eating places: Restaurants, cafeterias and lunch rooms; lunch counters; soft-drink stands.

Characteristics, key factors or disadvantages and potential field of the three

types of ownerships were summarized as follows:

Sole proprietorship:

Characteristics: Created with no formality but by voluntary action of owner; capital investment limited only to resources of owner; responsible in all ways to self only, no outsiders; all profits belong to owner; taxed as individual owner is taxed, business income is regular taxable income, business expense deductible.

Key factors or disadvantages: The man and the business are the same; the business and its owner are not separate entities; the liability of the owner is complete in every way; the life of the business is limited to life of owner; the business passes into owner's estate with other personal assets and liabilities; estate of owner is responsible for all business debts; income of professional men or personal service organizations ceases immediately on death of owner; service and income cease together.

How business insurance can serve clientele: Insurance will establish cash reserve for emergencies or expansion; insurance will establish credit facilities; will continue income to heirs on death of owner; will indemnify family for loss of good-will; will provide cash to pay business debts; will provide funds to run business until sold and to hire professional services to collect accounts receivable; will, if carried by employees, on life of owner provide funds to purchase business from heirs; will capitalize earning power of owner when lost to business.

Partnership:

Characteristics: Created with no formality but by agreement between partners; capital investment limited to contributions by partners with no legal limitations, may be changed at will; partnership assets first applied to partnership debts with rights of contribution between partners; the business exists in name only, the partners are the business and are not responsible to outsiders; all business operations are in name of partners and not individuals; profits shared by special agreement; taxed according to income as individuals.

Key factors or disadvantages: The partners or men and the business are the same; the business and its owners are not separate entities; the liability of the partners is complete; partnership ends with death of any partner; partnership is automatically terminated on loss of a partner and business must be liquidated or reorganized; the choice of liquidation or reorganization lies solely with heirs of deceased partner; heirs may decide to sell to stranger, enter business until firm debts are paid, heirs have no rights to assets.

How business insurance can serve clientele: Insurance continues business if desired; insurance prevents forced liquidation or reorganization; guarantees fair sum to heirs for business. To surviving partners, prevents heirs entering business; facilitates settlement of estate of deceased; automatically provides cash from an outside source to survivor and paid at once to heirs; produces stability of business for survivors thereby maintaining credit facilities.

Corporation:

Characteristics: Corporation is created by law—constitution is state law; ownership and management may be separate; board of directors elected and responsible to stockholders; officers elected and responsible to directors; ownership depends on number of common stock certificates; corporation has perpetual existence; stockholders are liable for firm debts in proportion to their stockholdings because corporation is a separate legal entity; resources limited to contribution of owners; all

business transactions, credit, etc. conducted in name of corporation, not individuals; stockholders do not own all assets but possess rights to share in profits.

Key factors or disadvantages: Position of firm or survivors, also heirs when one stockholder dies in disposition of stock interests; stock must be purchased by survivors or work with or for heirs or strangers; stock in a close corporation a hazardous investment for heirs without owner in business.

How business insurance can serve clientele: Insurance enhances corporation credit for loans when all are alive and stability of credit when principal stockholder dies; guarantees sale of interests at prearranged price fair to all concerned; provides survivors with funds to purchase full ownership of business permitting survivors to continue business with full control and no interruptions; provides immediate transfer of cash for stock; prevents new and destructive business interests by permitting survivors to continue business as owners; guarantees income from business interests to be continued to heirs.

"Drive for Skill," Phelps Advises State Farm Agents

That the producer should "drive for skill" was the advice of Ward Phelps, consultant Life Insurance Sales Research Bureau, at the annual convention of the State Farm companies.

"Set up a standard," he said, "and remember that broad knowledge is valuable, but payoff is on skill. Drill first and establish a habit, then maintain it. Dress rehearsal is always good."

Well Thought Out Plan Needed

"It is hard to discern results of day-to-day effort. We become too involved in prospecting, interviewing and servicing to determine how we are reaching our goal. We should have nothing more nor less than a carefully thought out method of performing a function, the function of showing people effectively what insurance can do."

Social Security Act Should Be Understood by Agents

J. C. McFarland, Cincinnati manager of the Ohio State Life, in his talk at its agency convention gave practical suggestions as to the use of the social security act and insurance working together. He said that life insurance deals with providing income when earned income stops and the social security act deals with exactly the same thing. Therefore, the life man should be able to explain its basic provisions. He said that unless an agent is working solely with a class of people not covered by the act he is not fair to his clients or himself unless he takes time to learn about the act. If a competitor understands it and the agent first referred to does not, Mr. McFarland said he could not conceive of a better prospect than a man who is covered under the act, that has just had his insurance reviewed without mention of the act's provisions.

Points Out Weak Spots

Mr. McFarland appraised some of the social security act's weak points. First, he said, there is no certainty that any man will benefit under the act. Then benefits will depend upon earnings, years worked and later laws. Next, the act has already been amended and can be again. Then he supposed a man having a child three years old and counting on survivorship benefits to help him with his program. If the child should die either before or after his father, the widow would receive nothing.

Insurance, he said, may be sold in conjunction with social security:

1. To increase income at age 65, so that a man can afford to retire and get a pension.
2. To supply income between age 60 and 65 so that a man can retire at age 60.
3. To provide income to a widow between the time the youngest child reaches 18 and her age of 65.
4. To provide a cleanup or emergency fund.
5. To provide an educational fund.
6. To provide a minimum complete program with a premium waiver clause so that security after a man's death is not dependent on his freedom from disability before that.
7. To provide an extra incentive to insure a child's life so that the mother has an income even though the child

died. This is especially important, Mr. McFarland said, to agents as all sell juvenile insurance.

These points, he said, and others of other uses are possible. He has found two uses that look very promising:

1. Its use in the approach. Men who will not talk about insurance are eager to learn about their social security benefits. This talk can very easily be guided into a discussion of insurance needs.

2. Its use in building a complete program. Mr. McFarland does not tell a prospect about it but asks him what he thinks about the act. He said that an agent cannot ignore social security benefits any more than he can a man's other insurance. After talking in general about the benefits of the act, Mr. McFarland tells a prospect that the logical thing to do is to coordinate his present insurance with social security benefits. Then the agent can proceed with a simple program, show him what the social security acts applies and then calculate the insurance needed. He issues a word of caution, "Do not reverse this process and show him the lump sum insurance value of the survivor income, which may be fatal."

Buying Factors Analyzed

TORONTO—A survey showing that 39 percent of buyers of life insurance buy because they want protection, 17 percent buy to save money and 15 percent as an investment, has been made by the Walsh Advertising Agency here. In selection of a company, reputation was the most important factor with 33 percent of the buyers, policy features were given an 18 percent rating, preference for the company's agent influenced 12 percent, mutuality won 5 percent and advertising 11 percent. It was stated that the company reputation factor is influenced by everything from the appearance of an office building to the voice of the telephone operator.

In the factors which caused the representative buyers to buy insurance when they did, increased responsibilities ranked highest with a rating of nearly 33 percent. Having the money at the time induced almost 25 percent and persuasion of the agents was a factor in about 17 percent of the cases.

If you have no goal, how can you expect to score?

Western Life Report Valuable

(CONTINUED FROM PAGE 1)

the last year. He speaks of the high quality of business submitted showing a small percentage of delinquencies, they being only 2.19 percent last year.

The president says that the experience with monthly amortized loans has been most satisfactory. Because it is increasingly difficult to search out and make mortgage loans at what the management considers a satisfactory interest rate, further because the percentage of loans to the total assets is now about the amount desired, they constitute the reasons for only a small increase in mortgage loan accounts. The new money in the company, he said, during the last year has gone into other lines of investment.

The actual cash income on mortgage loans for 1939 represents an interest rate of 5.61 percent, he pointed out. Out of a total of 830 mortgage loans at the end of the year only 1.66 were delinquent as to interest for more than 30 days. Out of 175 loans, amounting to \$1,500,000 in Seattle, not one is delinquent.

Comments on Bonds

President Richardson asserted that for the past two years the bond account has remained at almost a constant level of \$6,000,000. During this period of easy money, a high percentage of top quality bonds have been called and replaced by securities bearing a lower rate of interest. He states that it follows that the rate of interest on bonds must decrease or the quality of bond portfolio must suffer if the rate is to be maintained. During the last four years he finds that the bond portfolio has decreased about \$1,000,000 and during the same period the real estate mortgage loan account has increased over \$2,500,000. This means, he said, that all new available money has been placed in mortgage loans. He said when a bond portfolio showing 3.9 percent yield is compared with a real estate mortgage loan of 5.61 percent, there is a difference of 1.7 percent in favor of mortgages. It is more expensive, he added, to make and properly supervise mortgages than it is to purchase and supervise bonds. This increase is about one-fourth of 1 percent. Mr. Richardson said that a study of a bond yield table will disclose what can happen during a period of prosperity. Even the short lived boom of 1937 caused an abrupt increase in the average yield, he said. The total of bond yields, he says, indicates that now the yield on bonds as a whole is almost exactly at the point prevailing Dec. 31, 1936. Once again, Mr. Richardson said, the management feels apprehensive as to the future of bond prices. He said that it believes that the prices of bonds in the future can move in one direction only, viz., downward.

Interesting View on Stocks

He called attention to the fact that the stocks in the portfolio amounted to \$578,684. He said this is the first year in which such an asset has appeared in the annual statement. Prior to 1939 the Montana laws prohibited the investment by a life company in either common or preferred stocks. The law was amended but still prohibits the investment of any portion of the legal reserve as well as the capital stock in stock. The amount invested in stocks is 3.88 percent of the assets. The primary reason that the directors have approved investment in stocks is that such have been made for income in the way of dividends rather than for appreciation by way of increase in market values. He said that the final result is that the direct owners of the business make more profit which is another way of saying that the common stock becomes more valuable, assuming, of course, that other factors remain constant. He said that the practice of the finance committee in this change of investment policy is similar to that in the investment policies of many very

reputable and conservative institutions. The Western Life stocks, he said, are conservative. Purchase of stocks, he added, need not become a permanent investment policy. With the return of interest rates on mortgage loans and bonds to a normal level he said that the Western Life shall once more welcome the opportunity of reentering to a greater extent these fields of investments.

Real Estate Charged Off

During 1938 he said that all real estate owned which had been acquired by foreclosure was charged off and was not included as an asset. The only item of real estate in the financial statement is that representing the balance due the company on real estate which has been sold under contract.

Mr. Richardson acknowledged that the outlook for the future insofar as the earnings of the company are concerned is not particularly bright. The interest rate which investments generally are earning is constantly declining. The company, he said, is facing increased expenses in the future. He sees no possibility of overhead decreasing for a number of years. A life company, he explains, does not have absolute control of all expenditures which it is necessary to make and has very little control over the interest rates it is able to obtain on its investments. This is the reason, he said, why he thinks it is a policy of wisdom to charge off certain assets at this time to be in better condition to meet a future period in which the earnings may be seriously curtailed.

During the last year, President Richardson stated, a plan was devised for the retirement of employees on reaching age 65. It is a joint proposition.

Participating Insurance

Two years ago the Western Life started the issuance of participating insurance in addition to non-participating contracts. He referred to two reasons for this, one because of artificial low interest rates now prevailing and, second, serious problems in relation to the future. He reported that last year there was a substantial amount of participating insurance written. The agents, he thinks, thoroughly understand the advantages of selling that form. The abnormally low interest rates, the president said, are bound to have a serious effect on the earnings, and in addition the companies are facing a period of increased taxation and overhead. Still further, he said, the country is faced with the possibility of entering war, which would create still another problem. The most serious effects from the last war on life companies, he said, resulted from the influenza epidemic. Another problem facing the companies is the future of the railroads. Railroad bond prices have declined during the last year in spite of improved car loadings, larger total revenue and net income.

TNEC Investigation

In speaking of the TNEC investigation of life insurance, Mr. Richardson said it would appear that representatives of the administration on this committee are attempting to build up what looks like a bad case against the institution of life insurance in order that federal regulation may be forced upon it. He said "As all polls of public opinion tend to show the utmost confidence of the public in life insurance, the companies are naturally somewhat reluctant to face an uncertain future under federal regulation as they feel that their existence under state regulation has been highly efficient." Mr. Richardson said it is unfortunate that this magnificent structure of life insurance, which has been built by the thrift and frugality of citizens and maintained through strict state laws, through supervision and able manage-

ment, should be subjected to an unjust and unfair attack. He said that the investigation being carried on was primarily authorized for the purpose of investigating monopolies in the United States. The investigation has wandered far from the field.

Cause Suspicion to Arise

He said that the entire course of the investigation as conducted and the attitude of those charged with conducting it would indicate that the ultimate object is to build up a case against state supervision and for federal control. He defended the state system of regulation, saying that it enables quick decisions on primary subjects and the decentralization of this system makes possible the application of individual attention to special circumstances within each particular locality. He said that the dangers which would beset the insurance industry, if such an abundance of power and responsibility be centralized in one person's hands, are manifest.

Summary of the Report

In summarizing his report, President Richardson said that the life insurance business is being conducted economically and with a degree of financial honor and integrity unsurpassed by any other financial institution. It has grown and prospered under state supervision until it has become the greatest financial institution of the country and has grown because people have confidence in it. Federal supervision at best would be an illogical and probably an unconstitutional arrogation of power to the detriment of state sovereignty and state rights.

In speaking of the proposed sale of annuities by the federal government Mr. Richardson said, "It is our feeling that this proposal should be definitely rejected and the private enterprise of licensed companies allowed to continue the sale of annuities to individuals and be encouraged rather than hindered by our federal government."

INDUSTRIAL

Spurs Ordinary Production With Commission Increase

Life of Virginia has increased the first year commissions on ordinary business about 10 percent of the present rates. According to Vice-president I. T. Townsend this action emphasizes the company's desire and objective to secure a larger volume of quality ordinary business from the weekly premium field. While there is no disposition to make the increase of ordinary commissions the basis of any drive or campaign, the home office assumes that the new schedule will bring about a steady improvement in its volume of high quality ordinary business.

The company warns the producers, however, not to neglect their weekly premium work. Life of Virginia desires to get better results in ordinary but it wants no slackening of effort in the continued building of the weekly premium factor. At the end of 1939, the total insurance in force of Life of Virginia was composed of \$338,194,262 weekly premium, and \$189,859,199 ordinary. Life of Virginia desires to reduce the disparity as rapidly as possible but without reduction of progress in the weekly premium account.

Life of Virginia has been writing monthly debit ordinary for five years but it still regards it as something of an experiment, according to Charles Taylor, actuary, and is undecided whether to treat it broadly or cut it down or leave it as it is. The monthly ordinary fits in with the weekly debit, he says, and is known as intermediate weekly. The policies range from \$1,000 to \$2,000. The policy forms meet the requirements of standard provisions of ordinary insurance, and the agents' compensation for collecting premiums,

by reason of the much larger amounts, has been fixed at a lower scale than for regular industrial policies. The mortality is about half way between ordinary and industrial and the persistency is in about the same proportion. The premiums are approximately 20 percent lower than industrial.

Pollard with Great American

The Great American Life of Texas has appointed E. C. Pollard manager of agencies in the weekly premium division. Mr. Pollard has been in life insurance 28 years. For eight years he has been with the American National, developing agencies in three western states.

C. A. Carr, Prudential, has been appointed chairman of the speaker's bureau of the 1940 Catholic Charities Appeal of Buffalo. He has headed the speakers' bureau for five years.

CHICAGO

TO HOLD "INFORMATION PLEASE"

The Insurance Club of Chicago will hold an "Information Please" meeting March 5 in the Chicago Board auditorium. Discussion leaders will be W. F. Kuffel, Phoenix Fire, who will answer questions pertaining to fire insurance; Donald M. Wood, Sr., who will discuss casualty, and W. H. Siegmund, Zimmerman agency Connecticut Mutual Life, on life insurance. The meeting will begin at 6 o'clock. Peter Eriksen president, will preside.

WILLIAMSON MADE ASSISTANT

Norris E. Williamson has been appointed agency manager of the Connecticut Mutual Life office in Chicago, of which J. G. Hill is general agent. Mr. Williamson is the son of W. W. Williamson, now associate general agent of the Connecticut Mutual with Mr. Hill, who was formerly head of the Williamson & Wellbeloved firm of general agents. Mr. Hill recently took charge of the office, going to Chicago from Nashville where he was general agent. Norris Williamson has been connected with the agency for 13 years as an agent. Mr. Hill plans to build up an organization of full time agents but he also will seek brokerage business and will appoint a brokerage manager in due season. That office, now located at 110 South Dearborn street, will be esconced in its new quarters in the Field building at 135 South La Salle street, March 4.

NEW COLLEGE GRADUATES

One of the Chicago general agents questions the desirability of taking graduates fresh from college and endeavoring to train them in life insurance production before they have had some other business experience. He does not think the companies have solved that particular kind of recruiting. His own experience tells him that the new college graduate is scarcely fitted for life insurance selling which has many peculiarities. After he has been in contact with another line of business for four or five years or even more, he is then fitted for life insurance production. This general agent takes the ground that the best age bracket for new men is from 25 to 35 inclusive. He is inclined to believe that companies can take men that have had some business experience between these ages and can afford to spend money on them because he believes the returns will be satisfactory.

TO HEAR WOODSON ON MARCH 7

B. N. Woodson, director of service Life Insurance Research Sales Bureau, will speak at the March 7 meeting of the Life Supervisors Club of Chicago, which will be held at the La Salle Street Y. M. C. A. at 12:15. He will discuss managerial problems.

C. O. Fischer, Massachusetts Mutual, is scheduled for the April meeting. He will probably talk on "The Job of the Supervisor."



LIFE VIEWS IN THE NEWS



At National Fraternal Congress gathering in Chicago. Top row (left to right) Norton J. Williams, president Equitable Reserve, Neenah, Wis.; Mrs. Mary Baird, dominion supervisor Woman's Benefit Association, Port Huron, Mich.; Peter F. Gilroy, president Woodmen of the World, Denver; A. W. Fulton, Chicago, member N.F.C. law committee and counsel Security Benefit; Walter C. Below, president Fidelity Life, Fulton, Ill.; Mrs. Grace W. McCurdy, head of the Royal Neighbors, Rock Island, Ill., and Miss Anna E. Phelan, secretary Women's Catholic Order of Foresters, Chicago.

Second row: F. J. Gadiant, actuary; O. E. Aleshire, president, who presided as president at the presidents section meetings, and Henry R. Freitag, publicity director, all of Modern Woodmen, Rock Island, Ill.; Earl H. Nicholson, Joseph Froggatt & Co., New York, president Fraternal Actuarial Association; Dr. W. G. McLaughry, medical director Protected Home Circle, Sharon, Pa., president N.F.C. medical

section: Group of Degree of Honor Protective officials: Mrs. Edna E. Dugan, national juvenile director; Mrs. Clara B. Bender, editor of "Review"; Mrs. Frances Buell Olson, president; Mrs. Kate S. Holmes, secretary, all of the St. Paul head office, and Mrs. Shelley Sanderson, national director of field work, Texarkana, Tex.

Bottom row: John R. Phillips, assistant to the president Modern Woodmen, Rock Island, Ill.; Bernard W. Risse, fraternal supervisor Illinois insurance department, Springfield; (inset), F. B. Mallett, field manager Protected Home Circle, Sharon, Pa., was in the chair as president at the annual meeting of the Fraternal Field Managers Association; A. O. Benz, president Aid Association for Lutherans, Appleton, Wis.; R. M. Norrington, field director Gleaner Life, Detroit; H. H. Hackett, president Gleaner Life; W. E. Wright, recorder A.O.U.W. of North Dakota, new president Fraternal Field Managers Association, and Thomas R. Heaney, secretary Catholic Order of Foresters, Chicago.



Atlanta is completing plans for the National Association of Life Underwriters' mid-year meeting there April 5-6. On the local committee in charge are (seated left to right): H. W. Indell, Metropolitan, president Atlanta association; Baxter

Maddox, Connecticut Mutual, general chairman; and W. S. Hale, Fidelity Mutual, president Atlanta Managers' Club.

Standing: J. J. McConnehey, Metropolitan, entertainment; Charles Harrell, Pacific Mutual, and H. M. Hagen, attend-

ance; S. R. Bridges, Mutual Life, N. Y., sales congress; Joel Harris, publicity; Edwin McCarty, registration; H. T. Green, Guardian, finance; H. M. Powell, State Mutual, publicity.

Charles Currie, hotel arrangements, not in picture.

LIFE VIEWS IN THE NEWS



Gerhard Gesell, young but able counsel of the Securities & Exchange Commission's insurance study, dopes out some more of those questions to shoot at witnesses appearing before Senator O'Mahoney's Temporary National Economic (monopoly) Committee. Microphones are vital adjuncts, acoustics being so bad that speakers can hardly be understood across the table.



A key to the city and larger key to "the hearts of the Volunteer family" was presented Howard Blanton on his arrival in Chattanooga to become agency vice-president and a director of the Volunteer State Life. The presentation is being made by Dr. John Steele, vice-president. Mr. Blanton has been with the Minnesota Mutual.



National Fraternal Congress executive staff, Chicago — Helen Harlem (left), assistant; F. F. Farrell, executive secretary-manager, and Helen Bauer, his secretary, were in charge of details at the mid winter meeting in Chicago.



Members of the National Fraternal Congress law committee which worked out uniform fraternal code—(left to right)—Whit Dillon, United Commercial Travelers; James M. Miller, Chicago, Woman's Benefit; Lendon A. Knight, Royal Neighbors, Rock Island, Ill., and Rainey T. Wells, general attorney Woodmen of the World, Omaha.



Officers and members of the standing committee of the Northwestern Mutual Association of Agents met with home office officials to begin planning for the annual convention to be held in Milwaukee, July 22-24.

Left to right are: Laffin Jones, agency assistant; Bert B. Boyd, Kansas City, Mo.;

Alden H. Smith, Nashville; Stephen L. Klarer, Milwaukee, secretary-treasurer; Aaron C. F. Finkbiner, Philadelphia, chairman; Clarence E. Smith, Chicago, president; Bernard J. Stumm, Aurora, Ill., vice-president; Franklin A. Morse, South Bend, Ind.; T. Westley Tuttle, Milwaukee, and W. Ray Chapman, assistant director of agencies.